

EXHIBIT 5**AMERICAN STOCK EXCHANGE LLC****Proposed Rule Change**

It is proposed that the following provisions of the American Stock Exchange Rules be amended as set forth below. Additions are underlined and deletions are [bracketed].

AMEX RULES

Rule 0. (a) Notwithstanding the Exchange's adoption of Rules 1 – NYSE Alternext Equities-1004 – NYSE Alternext Equities (the "NYSE Alternext Equities Rules"), all transactions conducted on or through the legacy systems or facilities of the Exchange located at 86 Trinity Place, New York, New York, including the AEMI trading platform, shall continue to be governed by the legacy Rules of the Exchange (as such rules may be amended from time to time), including Rules 1-1605 (General & Floor Definitions and Rules, Office Rules, Arbitration Rules, Contracts in Securities, Trading of Option Contracts, Trading of Certain Equity Derivatives, Trading of Stock Index and Currency Warrants, Trading of Trust Issued Receipts, Rules for After-Hours Trading Facility, Trading of Paired Trust Shares, Trading of Partnership Units and Trading of Trust Units), the AMEX Company Guide and AEMI Rules 1-1500 (including Section 910 of the AMEX Company Guide) (collectively, the "Non- NYSE Alternext Equities Rules"). For the avoidance of doubt, all disciplinary matters arising under the Non- NYSE Alternext Equities Rules shall be governed by Disciplinary Rules 475, 476, 476A, 477, 478T and 590, as amended.

(b) All transactions conducted on or through the systems or facilities of NYSE Market, Inc. operated on behalf of the Exchange ("NYSE Alternext Equities Trading Systems"), shall be governed by the NYSE Alternext Equities Rules in accordance with the provisions of Rule 0-NYSE Alternext Equities.

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Imposition of Fines for Minor Violation(s) of Rules

Rule 476A. (a) In lieu of commencing a "disciplinary proceeding" as that term is used in Disciplinary Rule 476, the Exchange may, subject to the requirements set forth in this Rule, impose a fine, not to exceed \$5,000, on any member, member organization, allied member, approved person, or registered or non-registered employee of a member or member organization, for any violation of a rule of the Exchange, which violation the Exchange shall have determined is minor in nature. Any fine imposed pursuant to this Rule and not contested shall not be publicly reported, except as may be required by Rule 19d-1 under the Securities Exchange Act of 1934, and as may be required by any other regulatory authority.

(b) In any action taken by the Exchange pursuant to this Rule, the person against whom a fine is imposed shall be served (as provided in paragraph (d) of Disciplinary Rule 476) with a written statement, signed by an authorized officer or employee of the Exchange on behalf of the Division or Department of the Exchange taking the action, setting forth (i) the rule or rules alleged to have been violated; (ii) the act or omission constituting each such violation; (iii) the fine imposed for each such violation; and (iv) the date by which such determination becomes final and such fine becomes due and payable to the Exchange, or such determination must be contested as provided in paragraph (d), such date to be not less than 25 days after the date of service of the written statement.

(c) If the person against whom a fine is imposed pursuant to this Rule pays the fine, such payment shall be deemed to be a waiver by such person of such person's right to a disciplinary proceeding under Disciplinary Rule 476 and any review of the matter by a Hearing Panel or the Board of Directors of the Exchange.

(d) Any person against whom a fine is imposed pursuant to this Rule may contest the Exchange's determination by filing with the Division or Department of the Exchange taking the action not later than the date by which such determination must be contested, a written response meeting the requirements of an "Answer" as provided in Disciplinary Rule 476(d), at which point the matter shall become a "disciplinary proceeding" subject to the provisions of Disciplinary Rule 476. In any such disciplinary proceeding, if the Hearing Panel determines that the person charged is guilty of the rule violation(s) charged, the Panel shall (i) be free to impose any one or more of the disciplinary sanctions provided in Disciplinary Rule 476 and (ii) determine whether the rule violation(s) is minor in nature. NYSE Regulation, the person charged, any member of the Board of Directors or of the Exchange, any member of the committee of NYSE Regulation to which is delegated the authority to review disciplinary decisions on behalf of the Board, and any Executive Floor Governor may require a review by the Board of any determination by the Hearing Panel by proceeding in the manner described in Disciplinary Rule 476.

(e) The Exchange shall prepare and announce to its members and member organizations from time to time a listing of the Exchange rules as to which the Exchange may impose fines as provided in this Rule. Such listing shall also indicate the specific dollar amount that may be imposed as a fine hereunder with respect to any violation of any such rule or may indicate the minimum and maximum dollar amounts that may be imposed by the Exchange with respect to any such violation. Nothing in this Rule shall require the Exchange to impose a fine pursuant to this Rule with respect to the violation of any rule included in any such listing and the Exchange shall be free, whenever it determines that any violation is not minor in nature, to proceed under Disciplinary Rule 476 rather than under this Rule.

• • • Supplementary Material: -----

Part 1A: List of Exchange Rule Violations and Fines Applicable Thereto

• Rule 19 – NYSE Alternext Equities (Locking or Crossing Protected Quotations in NMS Stocks)

- Rule 35 – NYSE Alternext Equities requirement that employees of members and member organizations be registered with, qualified by, and approved by the Exchange before being admitted to the Trading Floor.
- Failure to notify the Exchange's Security Office and surrender Exchange-issued identification cards within 24 hours of Floor members' or employees' termination or reassignment, or cancellation of such identification cards, as required by Rule 35.80 – NYSE Alternext Equities
- Rule 60 – NYSE Alternext Equities requirements for dissemination of quotations for reported securities.
- Violation of the agency provisions of Rule 72(b) – NYSE Alternext Equities
- Rule 79A.15 – NYSE Alternext Equities requirements for specialists' display of customer limit orders
- Rule 79A.30 – NYSE Alternext Equities requirement to obtain Floor Official approval for trades at wide variations from last sale
- Rule 91.10 – NYSE Alternext Equities requirements for a specialist to summon a representative of a firm who had entrusted an order with the specialist who has elected to take or supply for his or her account the securities named in the order to confirm the acceptance or rejection of such transaction.
- Rule 95 – NYSE Alternext Equities order identification requirements and prohibition of transactions which involve discretion on the Floor as to choice of security, total amount of security to be bought or sold or whether transaction is purchase or sale
- Reporting rule violations (Rule 104A.50 – NYSE Alternext Equities, 304(h)(2) – NYSE Alternext Equities, 312(a) – NYSE Alternext Equities, 312(b) – NYSE Alternext Equities & 312(c) – NYSE Alternext Equities, 313 – NYSE Alternext Equities, 345.12 – NYSE Alternext Equities, 345.17 – NYSE Alternext Equities, 346(c) – NYSE Alternext Equities, 351 – NYSE Alternext Equities, 421 – NYSE Alternext Equities, and 440F– NYSE Alternext Equities, 440G– NYSE Alternext Equities & 440H– NYSE Alternext Equities)
- Rule 103.12 – NYSE Alternext Equities requirements to keep and provide records to the Exchange with respect to the time specialists and specialist clerks are on the Floor of the Exchange acting in those capacities.
- Participation in the Specialist Performance Evaluation Questionnaire (SPEQ) Process (Rule 103A – NYSE Alternext Equities)
- Rule 104.10 – NYSE Alternext Equities (Functions of Specialist)
- Rule 104.12 – NYSE Alternext Equities Specialist investment account rule violations
- Rule 105 – NYSE Alternext Equities and Guidelines (Specialist Specialty Stock Option Transactions)
- Rule 116.30 – NYSE Alternext Equities requirement for specialists' stopping stock
- Record retention rule violations (Rules 117 – NYSE Alternext Equities, 121 – NYSE Alternext Equities, 123 – NYSE Alternext Equities, 123A.20 – NYSE Alternext Equities, 345.11 – NYSE Alternext Equities, 410– NYSE Alternext Equities, 432(a) – NYSE

Alternext Equities, 440– NYSE Alternext Equities, 440I– NYSE Alternext Equities and 472(c) – NYSE Alternext Equities)

• Failure to Time-Record Orders Received at the Specialist's Post (Rule 121 – NYSE Alternext Equities) and Failure to Time-Record Orders received at a Member's Booth from off the Floor (Rule 123 – NYSE Alternext Equities)

• Failure of a member or member organization to use standardized Floor stationery as required by Rule 123A.23 – NYSE Alternext Equities

• Percentage Orders (Rule 123A.30 – NYSE Alternext Equities)

• Failure to utilize procedures of Rule 127 – NYSE Alternext Equities to satisfy all better priced limit orders when effecting block crosses outside the quote and failure to provide public orders an execution at the cross price when required by Rule 127 – NYSE Alternext Equities procedures

• Failure to submit required trade data to comparison pursuant to Rule 130 – NYSE Alternext Equities within time periods determined by the Exchange.

• Failure to collect and/or submit all audit trail data specified in Rule 132 – NYSE Alternext Equities

• Rule 134(c) – NYSE Alternext Equities and 134(e) – NYSE Alternext Equities requirement to comply with specified QT procedures and time periods

• Failure to Obtain Exchange Approval Rule Violations (Rules 312(h) & (i), 342(c) – NYSE Alternext Equities, 342.10 – NYSE Alternext Equities, 346(e) – NYSE Alternext Equities and (f), 382(a) – NYSE Alternext Equities

• Failure of a member organization to have individuals responsible and qualified for the positions of Financial Principal, Operations Principal, Compliance Official, Branch Office Manager and Supervisory Analyst (Rules 342(b) – NYSE Alternext Equities, 342(d) – NYSE Alternext Equities & 342.13– NYSE Alternext Equities, 311(b)(5) – NYSE Alternext Equities and 344 – NYSE Alternext Equities)

• Rule 343– NYSE Alternext Equities requirements relating to member organization officer sharing arrangements

• Failure of a member organization to have individuals responsible and qualified for the positions of Securities Lending Supervisor and Securities Trader Supervisor (Rule 345(a) – NYSE Alternext Equities)

• Failure to obtain employer's prior written consent for engaging in an outside activity as required by Rule 346(b) – NYSE Alternext Equities

• Guaranteeing a customer's account against loss or sharing in profits or losses as prohibited by Rules 352(b) – NYSE Alternext Equities and 352(c) – NYSE Alternext Equities

• Rule 387 – NYSE Alternext Equities requirements for customer COD/POD transactions

• Rule 392 – NYSE Alternext Equities notification requirements

• Failure to acknowledge customer complaint within 15 business days, as required by Rule 401A – NYSE Alternext Equities

- Rule 407 – NYSE Alternext Equities requirements for transactions of employees of the Exchange, members or member organizations
- Rule 407A – NYSE Alternext Equities reporting and notification requirements for members
- Rule 408(a) – NYSE Alternext Equities requirement that written authorization be obtained for discretionary power in a customer's account
- Rule 410A – NYSE Alternext Equities requirements for automated submission of trading data
- Rule 410B – NYSE Alternext Equities requirements to report transactions in Exchange listed securities not otherwise reported to the Consolidated Tape
- Rule 411(b) – NYSE Alternext Equities requirements to bundle multiple odd-lot orders in the same stock, which aggregate to 100 shares or more, to aggregate the orders into round-lot orders
- Failure to transfer a customer securities account in accordance with the requirements of Rule 412 – NYSE Alternext Equities and the interpretations thereunder
- Failure to promptly provide or promptly update required membership profile information through the Exchange's Electronic Filing Platform ("EFP"), or failure to electronically certify that required membership profile information is complete and accurate, as required by Rule 416A – NYSE Alternext Equities
- Rule 440B – NYSE Alternext Equities short sale rule violations
- Rule 440C – NYSE Alternext Equities failure to deliver against a short sale without diligent effort to borrow
- Failure to designate and identify to the Exchange an Anti-Money Laundering contact person or persons as required by Rule 445(4) – NYSE Alternext Equities
- Rules 451 – NYSE Alternext Equities and 452 – NYSE Alternext Equities requirements relating to transmission of proxy material and authorizing the giving of proxies
- Misstatements or omission of fact on submissions filed with the Exchange (Disciplinary Rule 476(a)(10))
- Rule 460.30 – NYSE Alternext Equities notification requirements
- Failure to submit books and records or to furnish information on the date or within the time period that the Exchange requires (Disciplinary Rule 476(a)(11))

<u>Fine Amount</u>	<u>Individual</u>	<u>Member Organization</u>
<u>1st Offense</u>	<u>\$500</u>	<u>\$1,000</u>
<u>2nd Offense *</u>	<u>\$1,000</u>	<u>\$2,500</u>
<u>Subsequent Offenses*</u>	<u>\$2,500</u>	<u>\$5,000</u>

* Within a "rolling" 24 month period from the date of the violation.

Part 1B: List of Exchange Legacy Rule Violations and Fines Applicable Thereto

- Failure to submit books and records, to furnish information, or to appear and testify within the time period required by the Exchange. Rule 15(j), Rule 31, and Rule 153A and Rule 476)
- Violation of short sale borrowing and delivery requirements. (SEC Regulation SHO and Rule 7)
- Failure to comply with the SEC's Firm Quote Rule. (Rule 602 of Regulation NMS)
- Violation of the Limit Order Display Rule. (Rule 604 of Regulation NMS and Amex Rules 958A(e) and 958A—ANTE(e))
- Violation of the Exchange's policy with respect to the proper submission of audit trail data, including both the failure to submit audit trail data and the failure to submit accurate audit trail data.
- Failure to comply with the Exchange's Auto-Ex Policy relating to signing on and off the Auto-Ex system
- Failure to comply with the Exchange's delayed opening policy. (Rule 119-AEMI (1)(c))
- Failure to comply with the Exchange's rules regarding openings. (Rules 108-AEMI(a) and (b) and 918-ANTE(a))
- Failure to comply with the Exchange's procedures for stopping orders. (Rule 109 which is made applicable top options by 950-ANTE(m))
- Failure to properly mark or identify and represent Floor orders as required under Exchange rules:
 1. Rule 110-AEMI (m); Rule 111, Commentary .04 (which is made applicable to options by Rule 950-ANTE(c)); Rule 153(g) which are made applicable to options by Rule 950-ANTE(a); and Rule 153-AEMI(e)
 2. Rule 950(c) & (d) and 957(d)
- Failure to comply with requirements relating to block sized cross transactions. (Rule 126 – AEMI, Commentaries .01, .02 and .03)
- Failure to comply with the Exchange's procedures for executing "cross" transactions. (Rule 151-AEMI and Rule 151 which is made applicable to options by Rule 950-ANTE (a))
- Failure to properly mark or identify and represent upstairs orders as required under Exchange rules. (Rule 153-AEMI(e); Rule 153 Commentary .01 and Rule 153(g) (which are made applicable to options by Rule 950-ANTE (a)); Rule 950(c) & (d); 957(d); and Rule 958A-ANTE (b))

- Violation of principal/agent prohibition. (Rules 110-AEMI(e) and 111(c) (which is made applicable to options by Rule 950-ANTE (c))
- Failure to comply with the Exchange's procedures for taking or supplying securities to fill a customer's order. (Rule 152-AEMI and Rule 152 which is made applicable to options by Rule 950-ANTE(a))
- Violation of record keeping requirements. (Rule 153-AEMI; Rules 153 (which is made applicable to options by Rule 950-ANTE(a)); and Securities and Exchange Act Rules 17a-3 and 17a-4)
- Failure to comply with the Exchange's procedures regarding the election of stop orders. (Rules 154, Commentary .04(a) and (b), and 950-ANTE(f))
- Violation of the Exchange's rules regarding orders left with specialists. (Rules 154-AEMI and Rule 154 which is made applicable to options by 950-ANTE (f))
- Failure to comply with the "1%, 2, 1, 1/2 Point Rule". (Rule 154-AEMI(e))
- Failure to comply with the Exchange's rules regarding the precedence of orders entrusted to specialists. (Rule 155-AEMI and Rule 155 which is made applicable to options by Rule 950-ANTE(a))
- Failure to comply with the Exchange's rules regarding the execution of orders. (Rules 156-AEMI and Rule 156 which is made applicable to options by Rule 950-ANTE(g))
- Failure by specialists to obtain Floor Official approval when establishing, increasing or liquidating a position. (Rule 170-AEMI, Commentaries .01 and .02)
- Failure to follow proper procedures regarding a specialist long term investment account. (Rule 170-AEMI, Commentary .07)
- Failure to obtain Exchange approval, or failure to comply with the terms of approval, for member or member firm proprietary electronic devices or systems used on the Exchange Floor. (Rule 220-AEMI)
- Failure to comply with the U-4 and fingerprint submission policy. (Rule 340, Commentary .01)
- Violation of reporting rules. (Rules 342(c) and (f); 906, 906C and 1305)
- Failure to attend mandatory continuing education as required by Rule 50 and 1A-AEMI(f)
- Violation of position limit rules. (Rules 904, 904C, 1107 and such other rules as the Exchange may adopt from time to time to establish position limits for securities admitted to trading)
- Violation of exercise limit rules. (Rules 905, 905C, 1108 and such other rules as the Exchange may adopt from time to time to establish exercise limits for securities admitted to trading)

- Failure to comply with the Exchange's "facilitation" policy. (Rule 950-ANTE(d), Commentaries .02 and .03)
- Failure to comply with the Exchange's "solicitation" policy. (Rule 950-ANTE(d), Commentaries .02 and .04)
- Failure to quote options markets within the maximum quote spread differentials. (Rules 950-ANTE(l), Commentary .02; 958-ANTE(c))
- Failure to comply with the Exchange's modified firm quote rule. (Rule 958A-ANTE)
- Violation of option exercise rule. (Rule 980 and 980C)
- Failure to comply with trade reporting requirements for options. (Rule 992)
- Violation of Exchange rules regarding the Options Linkage program relating to the Responding to and Receiving of Linkage Orders (Rule 941(d) and (e)); Avoidance and Satisfaction of Trade-Throughs (Rule 942(a)); and Locked Markets (Rule 943).
- Failure to make and/or document an affirmative determination of the availability for borrowing of shares prior to effecting short sale transactions. (Regulation SHO Rule 302(b)(1).
- Failure to comply with the requirement to submit or cause to be submitted trade data for comparison. (Rule 719; Rule 719-AEMI, and Rule 155, Commentary .01 which is made applicable to options by 950-ANTE)
- Failure to comply with the Exchange's procedures regarding maintaining and utilizing the Exchange provided automatic quote system as a back-up to the Exchange-approved proprietary automatic quote system. (Rule 950—ANTE(l), Commentary .02(a))
- Failure to comply with the Exchange's Bunching of Odd-Lot Orders rule. (Rule 208)
- Failure to comply with ROT quoting requirements (Rule 958—ANTE (c))
- Failure to comply with SROT quoting requirements (Rule 958—ANTE(c) in at least 60% of the series of their assigned classes (Rule 993—ANTE (b)(ii))
- Failure to comply with RROT quoting requirements (Rule 958—ANTE(c) in at least 60% of the series of their assigned classes (Rule 994—ANTE (c)(iv))
- Violation of restriction from quoting outside assigned classes (Rules 958—ANTE (a), 994—ANTE (c)(iii), 993—ANTE, Commentary .03)
- Failure to comply with the Exchange's Market on Close Policy and Expiration Procedures. (Rule 131A-AEMI)
- Violations of the ROT in-class trading requirement (Rule 958-ANTE(a), Commentary .03)
- Violations of the Registered Trader in-class trading requirement (110-AEMI, Commentary .03)

- Violations of the ROT in-person requirement (958-ANTE(g), Commentaries .01 and .03)

<u>Fine Amount</u>	<u>Individual</u>	<u>Member Organization</u>
<u>1st Offense</u>	<u>\$500</u>	<u>\$1,000</u>
<u>2nd Offense *</u>	<u>\$1,000</u>	<u>\$2,500</u>
<u>Subsequent Offenses *</u>	<u>\$2,500</u>	<u>\$5,000</u>

* Within a "rolling" 24 month period from the date of the violation.

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NYSE ALTERNEXT EQUITIES RULES

NYSE Alternext Equities Rules Applicability and Phase-In

Rule 0 – NYSE Alternext Equities. Except to the extent particular Non-NYSE Alternext Equities Rules are expressly designated herein as applicable, the NYSE Alternext Equities Rules (as such rules may be amended from time to time) shall govern all transactions conducted on the NYSE Alternext Equities Trading Systems. The following Non-NYSE Alternext Equities Rules shall be applicable to transactions conducted on the NYSE Alternext Equities Trading Systems: Disciplinary Rules 475, 476, 476A, 477. Rules 46 – NYSE Alternext Equities to 294 – NYSE Alternext Equities, inclusive, shall apply to all Exchange Contracts made on the NYSE Alternext Equities Trading Systems, and to the extent determined to be applicable, to Exchange Contracts not made on the Exchange.

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General Rules

(Rules 1 – NYSE Alternext Equities—38 – NYSE Alternext Equities)

Definitions of Terms (Rules 1 – NYSE Alternext Equities—19 – NYSE Alternext Equities)

‘The Exchange and Related Entities’

Rule 1 – NYSE Alternext Equities. The term ‘the Exchange,’ when used with reference to the administration of any rule, means NYSE Alternext US LLC or the officer, employee, person, entity or committee to whom appropriate authority to administer such rule has been delegated by the Exchange.

Unless otherwise indicated in the rule, the terms Board, Board of Directors, Chairman, Chairman of the Board, Chief Executive Officer, or CEO refer to the Board, Board of Directors, Chairman, Chairman of the Board, Chief Executive Officer and CEO of the Exchange.

The term ‘NYSE Market’ means NYSE Market, Inc., an indirect wholly owned subsidiary of NYSE Euronext. NYSE Market operates certain systems and facilities of the Exchange on behalf of the Exchange.

The term ‘NYSER’ means NYSE Regulation, Inc, an indirect wholly owned subsidiary of NYSE Euronext.

References to ‘Market Surveillance Division’ or ‘Division of Market Surveillance’ or ‘Market Surveillance’ or ‘Regulation & Surveillance’ shall be deemed to refer to the Market Surveillance Division of NYSE Regulation, Inc.

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‘Member,’ ‘Membership,’ ‘Member Firm,’ etc.

Rule 2 – NYSE Alternext Equities. (a) The term ‘member,’ when used to denote a natural person approved by the Exchange, means a natural person associated with a member organization who has been approved by the Exchange and designated by such member organization to effect transactions on the floor of the Exchange or any facility thereof.

(b)(i) The term ‘member organization’ means a registered broker or dealer (unless exempt pursuant to the Securities Exchange Act of 1934) that is a member of the Financial Industry Regulatory Authority (‘FINRA’) and approved by the Exchange and authorized to designate an associated natural person to effect transactions on the floor of the Exchange or any facility thereof. This term shall include a natural person so registered, approved and licensed who directly effects transactions on the floor of the Exchange or any facility thereof.

(ii) The term ‘member organization’ also includes any registered broker or dealer that is a member of FINRA, which does not own a trading license and agrees to be regulated by the Exchange as a member organization and which the Exchange has agreed to regulate.

(iii) The term ‘member organization’ includes ‘member firm’ and ‘member corporation.’

(c) The term ‘allied member’ means a natural person who is a general partner of a member organization or other employee of a member organization who controls, or is a principal executive officer of, such member organization and who has been approved by the Exchange as an allied member.

(d) The term ‘approved person’ means a person, other than a member or allied member, or employee of a member organization who controls a member organization or is engaged in a securities or kindred business that is controlled by, or under common control with a member or member organization who has been approved by the Exchange as an approved person.

(e) The term ‘person’ shall mean a natural person, corporation, limited liability company, partnership, association, joint stock company, trust, fund or any organized group of persons whether incorporated or not.

(f) The term ‘control’ means the power to direct or cause the direction of the management or policies of a person whether through ownership of securities, by contract or otherwise. A person shall be presumed to control another person if such person, directly or indirectly,

(i) has the right to vote 25 percent or more of the voting securities,

(ii) is entitled to receive 25 percent or more of the net profits, or

(iii) is a director, general partner or principal executive officer (or person occupying a similar status or performing similar functions) of the other person.

Any person who does not so own voting securities, participate in profits or function as a director, general partner or principal executive officer of another person shall be presumed not to control such other person. Any presumption may be rebutted by evidence, but shall continue until a determination to the contrary has been made by the Exchange.

(g) The term ‘engaged in a securities or kindred business’ shall mean transacting business generally as a broker or dealer in securities, including but not limited to, servicing customer accounts or introducing them to another person.

(h) The term ‘State’ shall mean any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other possession of the United States.

••• Supplementary Material: -----

.10 A registered broker dealer that is approved or deemed approved as a member organization of New York Stock Exchange LLC (“NYSE”) pursuant to NYSE Rule 2(b) shall be approved as an Exchange member organization pursuant to Exchange Rule 2(b).

.20 A natural person who has been approved or deemed approved as a member by NYSE pursuant to NYSE Rule 2(a) and has been designated by an NYSE member organization to effect transactions on the Floor of the NYSE shall be approved as an Exchange member pursuant to Exchange Rule 2(a).

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Jurisdiction

Rule 2A – NYSE Alternext Equities. (a) The Exchange, may, with approval of the Exchange Board of Directors, adopt, amend or repeal such rules as it may deem necessary or proper, including rules with respect to (i) the making and settling of Exchange Contracts, (ii) the access of members and member organizations and their employees to and the conduct of members, member organizations and their employees upon the floor of the Exchange and their use of Exchange facilities, (iii) insolvency of member organizations, (iv) the formation of member

organizations, the continuance thereof and the interests of members, allied members and other persons therein, (v) the partners, officers, directors, stockholders and employees of member organizations, (vi) the offices of members, allied members and member organizations, (vii) the business conduct of members, allied members and member organizations, (viii) the business connections of members, allied members and member organizations, and their association with or domination by or over corporations or other persons engaged in the securities business, (ix) capital requirements for member organizations, (x) the procedure for arbitration and dispute resolution, (xi) trading licenses and the transfers thereof, (xii) types, terms, conditions and issuance of securities by member organizations and trading in such securities, (xiii) the conduct and procedure for disciplinary hearings and reviews there from, (xiv) the location and use on the floor of the Exchange of such facilities as may be approved by the Exchange to permit members to send orders from the floor to other markets and receive orders on the floor from other markets for the purchase or sale of securities traded on the Exchange, (xv) options and other derivative trading, (xvi) matters related to non-member broker-dealers that choose to be regulated by the Exchange, and (xvii) any other matter relevant to the conduct of the business of a securities exchange and self-regulatory organization.

(b) The Exchange may approve applications for the listing of securities and the admission of securities, including securities on a 'when issued' or 'when distributed' basis, to dealings on the Exchange, and may suspend dealings in such securities and may remove the same from listing.

(c) The Exchange shall have general supervision over members, allied members and member organizations, employees of member organizations and over approved persons in connection with their conduct of the business of member organizations. The Exchange shall have general supervision over other broker-dealers that choose to be regulated by the Exchange. The Exchange may examine into the business conduct and financial condition of members, allied members, member organizations, employees of member organizations, approved persons and other broker-dealers that choose to be regulated by the Exchange. It shall have supervision over partnership and corporate arrangements and over all offices of such members and member organizations, whether foreign or domestic, and over all persons employed by such members organizations, and other broker-dealers that choose to be regulated by the Exchange and may adopt such rules with respect to the employment, compensation and duties of such employees as it may deem appropriate. It shall have supervision over all matters relating to the collection, dissemination and use of quotations and of reports of prices on the Exchange. It shall have the power to approve or disapprove any connection or means of communication with the floor and may require the discontinuance of any such connection or means of communication. It may disapprove any member acting as a specialist or odd-lot dealer.

(d) The Exchange shall adopt such rules as it deems necessary or appropriate for the discipline of members, member organizations, allied members, approved persons, and registered and non-registered employees of member organizations and over other broker-dealers that choose to be regulated by the Exchange for the violation of the Securities Exchange Act of 1934 (the Act), the rules of the Exchange and for such other offenses as may be set forth in the rules of the Exchange. The Exchange shall also adopt such rules as it deems necessary or appropriate governing the conduct of disciplinary proceedings including disciplinary hearings and reviews thereof. The determination and penalty, if any, of the Board after review shall be final and conclusive, subject to the provisions of the Act.

(e) The Exchange shall have jurisdiction after notice and a hearing to discipline members, member organizations, allied members, approved persons in connection with their conduct of the business of a member organization, and registered or non-registered employees of member organizations and other broker-dealers that choose to be regulated by the Exchange. The Exchange may impose one or more of the following disciplinary sanctions: expulsion, suspension; limitation as to activities, functions, and operations, including the suspension or cancellation of a registration in, or assignment of, one or more stocks, fine, censure, suspension or bar from being associated with any member or member organization, or any other fitting sanction.

(f) The Exchange shall have jurisdiction over any and all other functions of its members, member organizations, allied members, approved persons in connection with the conduct of the business of member organizations, and registered or non-registered employees of members or member organizations and other broker-dealers that choose to be regulated by the Exchange in order for the Exchange to comply with its statutory obligation as a Self Regulatory Organization.

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No Affiliation between Exchange and any Member Organization

Rule 2B – NYSE Alternext Equities. Without prior SEC approval, the Exchange or any entity with which it is affiliated shall not, directly or indirectly, acquire or maintain an ownership interest in a member organization. In addition, a member organization shall not be or become an affiliate of the Exchange, or an affiliate of any affiliate of the Exchange; provided, however, that, if a director of an affiliate of a member organization serves as a director of NYSE Euronext, this fact shall not cause such member organization to be an affiliate of the Exchange, or an affiliate of an affiliate of the Exchange. The term affiliate shall have the meaning specified in Rule 12b-2 under the Act. Nothing in this rule shall prohibit a member organization from acquiring or holding an equity interest in NYSE Euronext that is permitted by the ownership limitations contained in the certificate of incorporation of NYSE Euronext.

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‘Security’

Rule 3 – NYSE Alternext Equities. The term ‘security’ or ‘securities’ shall have the meaning given those terms in the Securities Exchange Act of 1934, as amended, and the General Rules and Regulations thereunder.

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‘Stock’

Rule 4 – NYSE Alternext Equities. The term ‘stock’ includes voting trust certificates, certificates of deposit for stocks, rights, warrants, and other securities of a type classified for trading as stocks by the Exchange.

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“Bond”

Rule 5 – NYSE Alternext Equities. The term “bond” includes debentures, notes, certificates of deposit for bonds, debentures or notes, and other securities of a type classified for trading as bonds by the Exchange.

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‘Floor’

Rule 6 – NYSE Alternext Equities. The term ‘Floor’ shall have the meaning given that term in the Securities Exchange Act of 1934, as amended, and the General Rules and Regulations thereunder.

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Rule 7 – NYSE Alternext Equities. Reserved.

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‘Delivery’

Rule 8 – NYSE Alternext Equities. The term ‘delivery’ means the delivery of securities on Exchange contracts, unless otherwise stated.

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“Branch Office Manager”

Rule 9 – NYSE Alternext Equities. The term “branch office manager” means a registered representative in charge of a branch office.

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“Registered Representative”

Rule 10 – NYSE Alternext Equities. The term “registered representative” means an employee engaged in the solicitation or handling of accounts or orders for the purchase or sale of securities, or other similar instruments for the accounts of customers of his employer or in the solicitation or handling of business in connection with investment advisory or investment management services furnished on a fee basis by his employer.

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Effect of Definitions

Rule 11 – NYSE Alternext Equities. Unless the context requires otherwise, the terms defined in Exchange Rules shall, for all purposes of the Exchange Rules, have the meanings therein specified.

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‘Business Day’

Rule 12 – NYSE Alternext Equities. Except as may be otherwise determined by the Exchange as to particular days, the term ‘business day’ means any day on which the Exchange is open for business: provided, however, on any business day that the banks, transfer agencies and depositories for securities in New York State are closed:

(1) Deliveries or payments ordinarily due on such a day (exclusive of ‘cash’ contracts made on such a day) shall be due on the following business day;

(2) such a day shall not be considered as a business day in determining the day for settlement of a contract, the day on which stock shall be quoted ex-dividend or ex-rights, or in computing interest on contracts in bonds or premiums on loans of securities; and

(3) the right to mark to the market or to make reclamation (other than ‘cash’ contracts made on such a day) shall not be exercised on such a day.

For list of holidays on which the Exchange will not be open for business see Rule 51.10 – NYSE Alternext Equities.

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Definitions of Orders

Rule 13 – NYSE Alternext Equities. At the Close Order

A market order which is to be executed in its entirety at the closing price, on the Exchange, of the stock named in the order, and if not so executed, is to be treated as cancelled. The term ‘at the close order’ shall also include a limit order that is entered for execution at the closing price, on the Exchange, of the stock named in the order pursuant to such procedures as the Exchange may from time to time establish.

At the Opening or At the Opening Only Order

A market or limited price order which is to be executed on the opening trade of the stock on the Exchange or, if the Exchange opens the stock on a quote, the opening trade in the stock on another market center to which such order or part thereof has been routed in compliance with Regulation NMS, and any such order or portion thereof not so executed is to be treated as cancelled.

An ‘at the opening’ or ‘at the opening only’ order that seeks the possibility of an Exchange-only opening execution is to be marked as a Regulation NMS-compliant immediate or cancel order in the manner designated by the Exchange. An order so marked, or part thereof, will be immediately and automatically cancelled if it is not executed on the opening trade of the stock on the Exchange or compliance with Regulation NMS requires all or part of such order to be routed to another market center.

Auto Ex Order

(i) An auto ex order is an order in a security, that initiates an automatic execution in accordance with, and to the extent provided by, Exchange Rules 1000 – NYSE Alternext Equities-1004 – NYSE Alternext Equities, immediately upon entry into Exchange systems. The following are auto ex orders:

(a) a market order;

(b) a limit order to buy (sell) priced at or above (below) the Exchange best offer (bid) at the time such order is routed to the Display Book® (‘a marketable limit order’);

(c) an immediate or cancel order designated for automatic execution;

- (d) a market or marketable limit sell 'plus'- buy 'minus,' or short sale order systemically delivered to the Display Book®;
- (e) the round lot portion of a part of round lot (PRL) market or marketable limit order;
- (f) an auto ex order that has been cancelled and replaced with an auto ex order; or
- (g) an intermarket sweep order, as defined in this rule; or
- (h) an order entered pursuant to Subsection (G) of Section 11(a)(1) of the Securities Exchange Act of 1934.

(ii) Non-auto ex orders participate in automatic executions in accordance with, and to the extent provided by, Exchange Rules.

Day Order

An order to buy or sell which, if not executed, expires at the end of the 9:30 a.m. to 4:00 p.m. trading session on the day on which it was entered.

Do Not Reduce or 'DNR' Order

A limited order to buy or a stop order to sell which is not to be reduced by the amount of an ordinary cash dividend on the ex-dividend date. A do not reduce order applies only to ordinary cash dividends; it should be reduced for other distributions such as when a stock goes 'ex' a stock dividend or ex rights.

Do Not Ship or 'DNS' Order

A limited price order to buy or sell that is to be quoted and/or executed in whole or in part on the Exchange. An order so marked, or part thereof, will be immediately and automatically cancelled if compliance with Exchange rules or federal securities laws requires that all or part of such order be routed to another market center for execution. If quoting a DNS order will cause the locking or crossing of another market center in violation of Exchange Rule 19 – NYSE Alternext Equities (Locking or Crossing Protected Quotations in NMS Stocks), the DNS order will be immediately and automatically cancelled. When a DNS order is not eligible to be traded, the order will be placed on the Display Book® system at its limit price.

Do Not Increase or 'DNI' Order

A limited order to buy or a stop order to sell which is not to be increased in shares on the ex-date as a result of a stock dividend or stock distribution.

Good 'til Cancelled Order (GTC) or Open Order

An order to buy or sell which remains in effect until it is either executed or cancelled. A good 'til cancelled order that is designated 'Off-Hours eligible' may be executed through the 'Off-Hours

Trading Facility’ (as Rule 900 – NYSE Alternext Equities (Off-Hours Trading: Applicability and Definitions) defines that term).

Immediate or Cancel Order

(a) Regulation NMS-compliant Immediate or Cancel Order: A market or limited price order designated immediate or cancel that will be automatically executed against the displayed quotation up to its full size and sweep the Display Book® system, as provided in Rule 1000 – NYSE Alternext Equities, to the extent possible without being routed elsewhere for execution, and the portion not so executed will be immediately and automatically cancelled. A Regulation NMS-compliant immediate or cancel order must be designated in the manner provided by the Exchange. If not so designated, the order will be treated as an Exchange immediate or cancel order.

(b) Exchange Immediate or Cancel Order: A market or limited price order designated immediate or cancel that will be automatically executed against the displayed quotation up to its full size and sweep the Display Book® system, as provided in Rule 1000 – NYSE Alternext Equities to the extent possible, with portions of the order routed to other markets if necessary in compliance with Regulation NMS and the portion not so executed will be immediately and automatically cancelled.

(c) Any immediate or cancel order may be entered before the Exchange opening for participation in the opening trade. If not executed as part of the opening trade, the order, or part thereof, will be immediately and automatically cancelled.

(d) An Exchange immediate or cancel order received during a trading halt will be held for participation in the re-opening trade. If not executed as part of the re-opening trade, the order, or part thereof, will be immediately and automatically cancelled.

Intermarket Sweep Order

(a) An ‘intermarket sweep order’ is a limit order designated for automatic execution in a particular security, that meets the following requirements:

- (i) It is identified as an intermarket sweep order in the manner prescribed by the Exchange; and
- (ii) Simultaneously with the routing of an intermarket sweep order to the Exchange, one or more additional limit orders, as necessary, are routed to execute against the full displayed size of any protected bid (as defined in (c), below) in the case of a limit order to sell, or the full displayed size of any protected offer (as defined in (c), below) in the case of a limit order to buy. These additional routed orders must be identified as intermarket sweep orders.

(b) An intermarket sweep order will be immediately and automatically executed against the displayed bid (offer) up to its full size in accordance with and to the extent provided by Exchange Rules 1000 – NYSE Alternext Equities-1004 – NYSE Alternext Equities and will then sweep the Display Book,® as provided in Rule 1000 – NYSE Alternext Equities(d)(iii), and the portion not so executed will be immediately and automatically cancelled.

(c) A ‘protected bid or offer,’ as defined in Section 242.600(b)(57) of Regulation NMS, means a quotation in a Regulation NMS stock that:

- (i) is displayed by an automated trading center, as defined in Section 242.600 (b)(4) of Regulation NMS;
- (ii) is disseminated pursuant to an effective national market system plan, as defined in Section 242.600(b)(43) of Regulation NMS; and
- (iii) is an automated quotation, as defined in Section 242.600(b)(3) of Regulation NMS, that is the best bid or offer of another market center, as defined in Section 242.600(b)(38).

Limit, Limited Order or Limited Price Order

A marketable limit order is an order on the Exchange that can be immediately executed; that is, an order to buy priced at or above the Exchange best offer or an order to sell priced at or below the Exchange best bid.

A marketable limit order systemically delivered to the Display Book® is an auto ex order subject to automatic execution in accordance with, and to the extent provided by, Exchange Rules 1000 – NYSE Alternext Equities-1004 – NYSE Alternext Equities.

Market Order

An order to buy or sell a stated amount of a security at the most advantageous price obtainable after the order is represented in the Trading Crowd or routed to the Display Book®.

‘Not Held’ Order

A ‘not held’ order is a market or limited price order marked ‘not held’, ‘disregard tape’, ‘take time’, ‘buy or sell on print’, or which bears any such qualifying notation.

An order marked ‘or better’ is not a ‘not held’ order.

Percentage Order

A limited price order to buy (or sell) 50% of the volume of a specified stock after its entry. There are four types of percentage orders:

(a) Straight Limit Percentage Orders—Such an order is elected when a transaction has occurred at the limit price or a better price. Unless otherwise specified, only volume at or below the limit subsequent to the receipt of the order will be applied in determining the elected portion of buy orders. Conversely, only volume at or above the limit will be calculated in determining the elected portion of sell orders.

(b) Last Sale Percentage Orders—The elected portion of an order designated ‘last sale’ shall be executed only at the last sale price or at a better price, provided that such price is at or better than the limit specified in the order. If the order is further designated ‘last sale—cumulative

volume', the elected portion shall be placed on the Display Book® at the price of the electing sale, but if not executed, shall be cancelled and re-entered on the Display Book® at the price of the subsequent transactions on the Exchange, provided the price of such subsequent transactions is at or better than the limit specified in the order.

(c) 'Buy Minus'—'Sell Plus' Percentage Orders—The elected portion of an order to 'buy minus' shall be executed only on a 'minus' or 'zero minus' tick. Orders of this type must also be qualified further by designating a limit price. The elected portion of an order to 'sell plus' shall be executed only on a 'plus' or 'zero plus' tick. Orders so designated are handled in the same manner as an order to sell short. (See Rule 123A – NYSE Alternext Equities) Orders of this type must also be further qualified by designating a limit price.

If so instructed by the entering broker(s), percentage orders to buy will be converted into regular limit orders for transactions effected on 'minus' or 'zero minus' ticks. Conversely, if so instructed by the entering broker(s), percentage orders to sell will be converted into regular limit orders for transactions effected on 'plus' or 'zero plus' ticks.

If further instructed by the entering broker(s), as provided in Rule 123A.30 – NYSE Alternext Equities, percentage orders to buy may be converted into regular limit orders for transactions on 'plus' or 'zero plus' ticks. Conversely, if so instructed by the entering broker(s), percentage orders to sell may be converted into regular limit orders for transactions on 'minus' or 'zero minus' ticks.

(See also Rule 123A.30 – NYSE Alternext Equities.)

(d) 'Immediate Execution or Cancel Election' Percentage Orders—The elected portion of a percentage order with this designation is to be executed immediately in whole or in part at the price of the electing transaction. Any elected portion not so executed shall be deemed cancelled, and shall revert to its status as an unelected percentage order and be subject to subsequent election or conversion.

The converted portion of an immediate execution or cancel election percentage order that is convertible on a destabilizing tick (a 'CAP-DI order') and which is systemically delivered to the Display Book® will be eligible to be automatically executed in accordance with, and to the extent provided by, Exchange Rules 1000 – NYSE Alternext Equities-1004 – NYSE Alternext Equities, consistent with the order's instructions.

Reserve Order

(a) A limit order with a portion of the size displayed and with a portion of the size (reserve size) that is not displayed, but is to be used to replenish the displayed size when executions of the displayed size reduce the displayed portion below the size designated to be displayed. A Reserve Order must have a minimum of one round lot of reserve interest displayed at that price. A new time-stamp is created for the replenished portion of a Reserve Order each time it is replenished from reserve, while the reserve portion retains the time-stamp of its original entry.

(b) At the Exchange best bid or offer ("Exchange BBO"), the reserve portion of a Reserve Order is available for execution only after all displayed interest has been executed. If an execution takes place at a price that is other than the Exchange BBO, all available interest of a Reserve Order

will trade on parity with all other interest at that price point, except that specialist interest must yield to Reserve Order interest.

(c) The provisions of sections (a) and (b) above will be in effect during a pilot program to end no later than September 30, 2008.

Routing Broker

The term ‘Routing Broker’ shall mean the broker-dealer affiliate of the Exchange and/or any other non-affiliate third-party broker-dealer that acts as a facility of the Exchange for routing orders entered into Exchange systems to other market centers for execution whenever such routing is required by Exchange Rules and federal securities laws. The Routing Broker(s) will operate as described in Exchange Rule 17 – NYSE Alternext Equities.

Sell ‘Plus’—Buy ‘Minus’ Order

A market order to sell ‘plus’ is a market order to sell a stated amount of a stock provided that the price to be obtained is not lower than the last sale if the last sale was a ‘plus’ or ‘zero plus’ tick, and is not lower than the last sale plus the minimum fractional change in the stock if the last sale was a ‘minus’ or ‘zero minus’ tick. A limited price order to sell ‘plus’ would have the additional restriction of stating the lowest price at which it could be executed.

Sell ‘plus’ limit orders and sell ‘plus’ orders that are systemically delivered to the Display Book® will be eligible to be automatically executed in accordance with, and to the extent provided by, Exchange Rules 1000 – NYSE Alternext Equities-1004 – NYSE Alternext Equities, consistent with the order’s instructions.

A market order to buy ‘minus’ is a market order to buy a stated amount of a stock provided that the price to be obtained is not higher than the last sale if the last sale was a ‘minus’ or ‘zero minus’ tick, and is not higher than the last sale minus the minimum fractional change in the stock if the last sale was a ‘plus’ or ‘zero plus’ tick. A limited price order to buy ‘minus’ would have the additional restriction of stating the highest price at which it could be executed.

Buy ‘minus’ limit orders and buy ‘minus’ market orders that are systemically delivered to the Display Book® will be eligible to be automatically executed in accordance with, and to the extent provided by, Exchange Rules 1000 – NYSE Alternext Equities-1004 – NYSE Alternext Equities, consistent with the order’s instructions.

Stop Order

A stop order to buy becomes a market order when a transaction in the security occurs at or above the stop price after the order is received into the Exchange’s automated order routing system or is manually represented by a Floor broker in the Crowd. A stop order to sell becomes a market order when a transaction in the security occurs at or below the stop price after the order is received into the Exchange’s automated order routing system or is manually represented by a Floor broker in the Crowd. Elected stop orders become market orders and will be eligible to be automatically executed in accordance with, and to the extent provided by, Exchange Rules 116.40 – NYSE

Alternext Equities, 123C – NYSE Alternext Equities and 1000 – NYSE Alternext Equities-1004 – NYSE Alternext Equities.

Stop orders that would be elected by the price of the opening transaction on the Exchange will be included in the opening transaction as market orders.

••• Supplementary Material

.10 Unless he obtains the prior approval of a Floor Official to decline to accept an order, a specialist must accept any order as defined in this Rule that is given to him for execution, with the exception of a not held order, which the specialist may not accept under any circumstances. In any case where the specialist has obtained the approval of a Floor Official to decline to accept a particular type of order, the specialist shall notify all brokers who had previously entered similarly defined orders that their orders are no longer in effect and the specialist shall obtain cancellations of all such orders.

.20 Except as may be otherwise specified in this Rule, all members shall use reasonable diligence in the handling of any order, as defined in this Rule, entrusted to them for execution to obtain the best price or prices for their customer, consistent with the terms of the order.

Time Order

An order which becomes a market or limited price order at a specified time.

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Rule 14 – NYSE Alternext Equities. Reserved.

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Pre-Opening Indications

Rule 15 – NYSE Alternext Equities. (a) Whenever an Exchange specialist, in arranging an opening transaction on the Exchange in any security, anticipates that the opening transaction on the Exchange will be at a price that represents a change from the security's previous day's closing price on the Exchange (except as described in section (b) below) of more than the 'applicable price change' (as defined below), the specialist shall issue a pre-opening indication, which includes the security and the price range within which the specialist anticipates the opening transaction will occur. The 'applicable price changes' are:

<u>Exchange Closing Price</u>	<u>Applicable Price Change (More Than)</u>
<u>Under \$20.00</u>	<u>\$0.50</u>
<u>\$20 - \$49.99</u>	<u>\$1.00</u>
<u>\$50.00 - \$99.99</u>	<u>\$2.00</u>
<u>\$100 - \$500</u>	<u>\$5.00</u>
<u>Above \$500</u>	<u>1.5%</u>

(b) American Depositary Receipts ('ADR')

(1) Where the trading day of the underlying security in the primary foreign market for the ADR concludes after trading on the Exchange for the previous day has ended, the Exchange specialist, in arranging an opening transaction on the Exchange pursuant to section (a) above, shall use the closing price of the primary foreign market to determine whether the price of such opening transaction represents a change of more than the 'applicable price change.'

(2) Where the primary foreign market on which the underling security is open for trading at the time of the opening on the Exchange, pre-opening indications shall be based on a change from parity with the last sale price of the underlying security.

(c) Exchange systems may also make available, from time to time, as the Exchange shall determine, Order Imbalance Information prior to the opening of a security on the Exchange.

- (1) Order Imbalance Information disseminated by Exchange systems prior to the opening transaction is the data feed disseminated by Exchange systems of real-time order imbalances that accumulate prior to the opening transaction on the Exchange. Such Order Imbalance Information includes all interest eligible for execution in the opening transaction of the security in Exchange systems.
- (2) Order Imbalance Information will use the previous trading day's closing price in the security on the Exchange as the reference price to indicate the number of shares required to open the security with an equal number of shares on the buy side and the sell side of the market.
- (3) Order Imbalance Information disseminated prior to the opening of the security will be disseminated as follows:
 - (i) Approximately every five minutes between 8:30 am Eastern Time ("ET") and 9:00 am ET.

- (ii) Approximately every minute between 9:00 am ET and 9:20 amET.
- (iii) Approximately every 15 seconds between 9:20 am ET and the opening (or 9:35 am ET if the opening is delayed).

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Order Protection Rule

Rule 15A – NYSE Alternext Equities.

(a) Definition. For purposes of this Rule, the terms “best bid”, “best offer”, “national best bid”, “national best offer”, “NMS stock”, “protected bid”, “protected offer”, “protected quotation”, “regular trading hours”, “trade-through”, and “trading center” shall have the meanings set forth in Section 242.600(b) of Regulation NMS.

(b) Where any better-priced protected bid or offer is published by another market center, and the price associated with such published better bid or offer has not been systemically matched on the Exchange, the Exchange will automatically route to such other market center an order priced at such published bid or offer, unless the trade-through that would occur if the Exchange did not route to the other market center falls within an exception set forth in Rule 611(b) of Regulation NMS or within an exemption granted by the Securities and Exchange Commission pursuant to Rule 611(d) of Regulation NMS. If such order is not filled or not filled in its entirety, the balance will be returned to the Exchange and handled consistent with the order's instructions, which includes automatic execution, if available. The order entry time associated with the returned portion of the order will be the time of its return, not the time the order was first entered with the Exchange.

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Rule 16 – NYSE Alternext Equities. Reserved.

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Use of Exchange Facilities

Rule 17 – NYSE Alternext Equities. (a) Exchange Liability. The Exchange shall not be liable for any damages sustained by a member, allied member or member organization growing out of the use or enjoyment by such member, allied member or member organization of the facilities afforded by the Exchange, except as provided in the rules.

(b) Operation of Routing Broker.

1. The Routing Broker(s) will receive routing instructions from the Exchange, to route orders to other market centers and report such executions back to the Exchange. The Routing Broker(s) cannot change the terms of an order or the routing instructions, nor does the Routing Broker(s) have any discretion about where to route an order.
2. The broker-dealer affiliate of the Exchange that acts as a Routing Broker will not engage in any business other than (a) its outbound router function and (b) any other activities it may engage in as approved by the Commission.
3. The use of the Routing Broker(s) to route orders to another market center will be optional. Any member organization that does not want to use the Routing Broker(s) must enter an immediate-or-cancel order or any such other order type available on the Exchange that is not eligible for routing.
4. All bids and offers entered on the Exchange routed to other market centers via the Routing Broker(s) that result in an execution shall be binding on the member organization that entered such bid and offer.
5. The Exchange will regulate the Routing Broker(s) as a facility (as defined in Section 3(a)(2) of the Securities Exchange Act of 1934 (the 'Exchange Act')), subject to Section 6 of the Act. In particular, and without limitation, under the Exchange Act, the Exchange will be responsible for filing with the Commission rule changes and fees relating to the functions performed by the Routing Broker(s) for the Exchange and will be subject to exchange non-discrimination requirements.
6. The books, records, premises, officers, agents, directors and employees of the Routing Broker(s), as a facility of the Exchange, shall be deemed to be the books, records, premises, officers, agents, directors and employees of the Exchange for purposes of, and subject to oversight pursuant to, the Exchange Act. The books and records of the Routing Broker(s) as a facility of the Exchange shall be subject at all times to inspection and copying by the Exchange and the Commission.
7. A self-regulatory organization unaffiliated with the Exchange or any of its affiliates will carry out the oversight and enforcement responsibilities as the designated examining authority designated by the Commission pursuant to Rule 17d-1 of the Exchange Act with the responsibility for examining the Routing Broker(s) for compliance with the applicable financial responsibility rules.
8. The Exchange shall establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between the Exchange and its facilities (including the non-affiliate third-party broker-dealer acting as a facility of the Exchange ("third-party Routing Facility"), and any other entity, including any affiliate of the third-party Routing Facility, and, if the third-party Routing Facility or any of its affiliates engage in any other business activities other than providing routing services to the Exchange, between the segment of the third-party Routing Facility or affiliate that provides the other business activities and the routing services.

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Compensation in Relation to Exchange System Failure

Rule 18 – NYSE Alternext Equities. (a) In the event the Exchange determines that (i) a valid order was accepted by the Exchange's systems; (ii) an Exchange system failure, as defined in paragraph (b) below, occurred during the execution of said order; (iii) a member organization sustained a loss related to an Exchange system failure; (iv) the net loss was at least \$500; and (v) the member organizations that sustained such loss provides verbal notice to the Exchange or its designee by the market opening on the next business day following the system failure and written notice by the end of the third business day following the system failure (T+3), the Exchange shall make a payment to the claiming member organization for the claimed losses on the amounts and subject to the processes defined below.

(b) An Exchange system failure is defined as a malfunction of the Exchange's physical equipment, devices and/or programming which results in an incorrect execution of an order or no execution of an order that was received in Exchange systems. Misuse of Exchange systems is not included in this definition.

(c) An Exchange-designated panel ("Compensation Review Panel") consisting of 3 Floor Governors and 3 Exchange employees will review claims submitted pursuant to this rule and determine the eligibility of a claim for payment. The Compensation Review Panel in its review will determine whether the amount claimed should be reduced based on the actions or inactions of the claiming member organization, including whether the member organization made appropriate efforts to mitigate its loss.

(d) Compensation Review Panel determinations are by majority vote. In the event of a deadlock the final determination will be made by the Chief Executive Officer of the Exchange ("CEO") or his or her designee.

(e) All determinations made pursuant to this rule by the Compensation Review Panel, the CEO or his or her designee are final.

(f) Compensation amounts shall be limited in the aggregate to the amount that the Exchange shall be entitled to receive from New York Stock Exchange LLC for compensation in the event of an Exchange systems malfunction pursuant to NYSE Rule 18. If all of the claims arising out of the use or enjoyment of the facilities afforded by the Exchange cannot be fully satisfied because in the aggregate the claims exceed the funds available to NYSE Alternext for payment hereunder, then the funds available for such payment shall be allocated among all such claims arising during the calendar month, based on the proportion that each such claim bears to the total of the claims eligible to receive a payment determined at the end of the calendar month.

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Locking or Crossing Protected Quotations in NMS Stocks

Rule 19 – NYSE Alternext Equities. (a) Definitions. For purposes of this Rule, the following definitions shall apply:

(1) The terms automated quotation, effective national market system plan, intermarket sweep order, manual quotation, NMS stock, protected quotation, regular trading hours, and trading center shall have the meanings set forth in Rule 600(b) of Regulation NMS.

(2) The term crossing quotation shall mean the display of a bid for an NMS stock during regular trading hours at a price that is higher than the price of an offer for such NMS stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS stock during regular trading hours at a price that is lower than the price of a bid for such NMS stock previously disseminated pursuant to an effective national market system plan.

(3) The term locking quotation shall mean the display of a bid for an NMS stock during regular trading hours at a price that equals the price of an offer for such NMS stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS stock during regular trading hours at a price that equals the price of a bid for such NMS stock previously disseminated pursuant to an effective national market system plan.

(b) Prohibition. Except for quotations that fall within the provisions of paragraph (d) of this Rule, members of the Exchange shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross a protected quotation, and any manual quotations that lock or cross a quotation previously disseminated pursuant to an effective national market system plan.

(c) Manual quotations. If a member of the Exchange displays a manual quotation that locks or crosses a quotation previously disseminated pursuant to an effective national market system plan, such member of the Exchange shall promptly either withdraw the manual quotation or route an intermarket sweep order to execute against the full displayed size of the locked or crossed quotation.

(d) Exceptions.

(1) The locking or crossing quotation was displayed at a time when the trading center displaying the locked or crossed quotation was experiencing a failure, material delay, or malfunction of its systems or equipment.

(2) The locking or crossing quotation was displayed at a time when a protected bid was higher than a protected offer in the NMS stock.

(3) The locking or crossing quotation was an automated quotation, and the member of the Exchange displaying such automated quotation simultaneously routed an intermarket sweep order to execute against the full displayed size of any locked or crossed protected quotation.

(4) The locking or crossing quotation was a manual quotation that locked or crossed another manual quotation, and the member of the Exchange displaying the locking or crossing manual

quotation simultaneously routed an intermarket sweep order to execute against the full displayed size of the locked or crossed manual quotation.

Miscellaneous Rules (Rules 20 – NYSE Alternext Equities—28 – NYSE Alternext Equities)

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Delegation, Authority and Access

Rule 20 – NYSE Alternext Equities. (a) The Exchange is an indirect wholly owned subsidiary of NYSE Euronext ('NYSE Euronext'). NYSE Euronext is also the parent company of indirect wholly owned subsidiary NYSE Regulation, Inc. ('NYSE Regulation').

(b) The Exchange shall establish a Market Performance Committee and NYSE Regulation shall establish a Regulatory Advisory Committee, each to include persons associated with member organizations. The committees shall include representatives of both those member organizations doing business on the Floor of the Exchange and those who do not do business on the Floor. Individuals may serve on one or both rule advisory committees as appropriate. The Market Performance Committee shall act in an advisory capacity regarding trading rules and other matters within its Charter. The Regulatory Advisory Committee shall act in an advisory capacity regarding disciplinary matters and regulatory rules other than trading rules.

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Disqualification of Directors on Listing of Securities

Rule 21 – NYSE Alternext Equities. Reserved.

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Disqualification Because of Personal Interest

Rule 22 – NYSE Alternext Equities. (a) No member of the NYSE Euronext ('NYSE Euronext'), the Exchange, American Stock Exchange Holdings, LLC ("Amex Holdings") and NYSE Regulation boards of directors or of any committee authorized by the NYSE Euronext, the Exchange, Amex Holdings, and NYSE Regulation boards of directors shall participate (except to the extent of testifying at the request of such boards or of such committee) in the investigation or consideration of any matter relating to any member, allied member, approved person, or member organization with knowledge that such member, allied member, approved person, or member organization is indebted to such director or committee member, or to their member organization or any participant therein, or that they, their member organization or any participant therein is indebted to such member, allied member, approved person, or member organization, excluding, however, any indebtedness arising in the ordinary course of business out of transactions on any

exchange, out of transactions in the over-the-counter markets, or out of the lending and borrowing of securities.

(b) No person shall participate in the consideration, review or adjudication of any matter in which they are personally interested.

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New York Local Time

Rule 23 – NYSE Alternext Equities. The Exchange shall conform to local New York City time.

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Change in Procedure to Conform to Changed Hours of Trading

Rule 24 – NYSE Alternext Equities. Whenever a Rule of the Board of Directors prescribes an hour, time or period of time at, before or within which an act shall be done, the Exchange may, in the event that the hours of trading on any day are changed pursuant to the provisions of Rule 51 – NYSE Alternext Equities, temporarily prescribe another hour, time or period of time for the performance of such act, which may be on a day subsequent to that on which the hours of trading are so changed.

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Exchange Liability for Legal Costs

Rule 25 – NYSE Alternext Equities. (1) The cost to the Exchange of producing, pursuant to court order or other legal process, records relating to the business or affairs of a member, allied member or member organization may, in the discretion of the Exchange, be required to be paid to the Exchange by such member, allied member or member organization, whether such production is required at the instance of such member, allied member or member organization or at the instance of any other party.

(2) In the event any legal or arbitration proceeding is brought to impose secondary liability on the Exchange for an asserted failure on its part to prevent or to require action by a member, allied member or member organization, said member, allied member or member organization will be obligated to reimburse the Exchange for: (a) all expenses and counsel fees incurred by the Exchange in connection with said proceedings; (b) the recovery, if any, adjudged against the Exchange upon a final determination that the Exchange was secondarily liable for the damage sustained; and (c) any payment made by the Exchange with approval of the member, allied member or member organization in connection with any settlement of any such proceeding.

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Rule 26 – NYSE Alternext Equities. Reserved.

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Regulatory Cooperation

Rule 27 – NYSE Alternext Equities. The Exchange may enter into agreements with domestic or foreign self-regulatory organizations or associations, contract markets and registered futures associations as referenced in Rule 476(a)(11), providing for the exchange of information and other forms of mutual assistance for market surveillance, investigative, enforcement and other regulatory purposes.

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Fingerprint-Based Background Checks of Exchange Employees and Others

Rule 28 – NYSE Alternext Equities. (a) In order to enhance the security of the respective facilities, systems, data, and/or records of the Exchange and its principal subsidiaries (collectively, ‘facilities and records’), the Exchange shall obtain fingerprints from, and conduct a fingerprint-based background check of, all prospective and current employees, temporary personnel, independent contractors, and service providers of each of the Exchange, its direct and indirect parent organizations, its principal subsidiaries and any affiliates of the foregoing. However, the Exchange may determine not to obtain fingerprints from, or to seek fingerprint-based background information with respect to, a person due to that person’s limited, supervised, or restricted access to facilities and records; or the nature or location of his or her work or services. The Exchange shall apply this rule in all circumstances where permitted by applicable law.

(b) The Exchange shall submit fingerprints obtained pursuant to this rule to the Attorney General of the United States or his or her designee for identification and processing. The Exchange shall at all times maintain the security of all fingerprints provided to, and all criminal history record information received from, the Attorney General or his or her designee. The Exchange, however, may provide a subsidiary with access to information from background checks based on fingerprints obtained from that subsidiary. The Exchange shall not disseminate fingerprints or information to the extent prohibited by applicable law.

(c) The Exchange shall evaluate information received from the Attorney General or his or her designee and otherwise administer this rule in accordance with Exchange fingerprint procedures as in effect from time to time and the provisions of applicable law. Fingerprint-based background information, such as a felony or serious misdemeanor conviction, will be a factor in making employment decisions; engaging or retaining any temporary personnel, independent contractors, or service providers; or permitting any fingerprinted person access to facilities and records.

••• Supplementary Material:

.10 Fingerprints and the Issuance of Identification Badges.—The Exchange intends, with limited exceptions, to obtain fingerprints from, and fingerprint-based background information with respect to, all employees, temporary personnel, independent contractors, and service providers who receive Exchange-issued photo badges or other identification permitting them access to facilities and records for more than one day (“Long-Term Badges”). The Exchange has the capacity electronically to immediately limit or terminate the access to facilities and records that Long-Term Badges permit, and reserves the right to do so. On a case-by-case basis, the Exchange may determine not to obtain fingerprints from a person to whom a Long-Term Badge is issued, based on the decision of a committee of Exchange officers who oversee application of the rule that there exists an exception to obtaining the fingerprints, as contemplated by the rule.

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Rules 29 – NYSE Alternext Equities - Rule 34 – NYSE Alternext Equities. Reserved.

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Access to and Communication with Floor (Rules 35 – NYSE Alternext Equities—38 – NYSE Alternext Equities)

Floor Employees To Be Registered

Rule 35 – NYSE Alternext Equities. No employee of a member or member organization shall be admitted to the Floor unless he is registered with, qualified by and approved by the Exchange, and upon compliance of both the employer and employee with such requirements as the Exchange may determine.

••• Supplementary Material:

.10 Reserved.

.20 Regulations pertaining to Floor employees.—All Floor employees of members and member organizations must be at their booths or posts on the Floor one-half hour prior to the opening of business or such earlier time as the Exchange may from time to time direct.

Each member or member organization having a telephone space on the Floor must keep at least one Floor employee on the Floor for fifteen minutes (or such longer period as may be set by the Exchange because of unusual circumstances) following the close of the market each day or until all reports due said member or member organization have been received, whichever time is later.

Floor employees of members and member organizations are not allowed to be upon or to cross the trading area of the Floor for any purpose during the period between ten minutes preceding the opening of the market and five minutes following the close of the market, other than as

specified in the applicable floor conduct and safety guidelines that may be promulgated by the Exchange from time to time.

Floor employees who, because of illness or injury, are relieved from duty by the medical clinic located in the Exchange building, must report to that clinic before returning to duty. Floor employees who, because of illness or injury, are absent for more than two days, without having previously reported to the medical clinic located in the Exchange building, must likewise report to that clinic before returning to duty.

Floor employees may not make bids or offers nor may any employee interfere with any order during its transmission.

.30 Employee Floor Tickets.—Each Floor employee must wear an identifying ticket while on the Floor. The use of altered or mutilated tickets is prohibited.

.40 Personnel available to specialist units on the Floor.—Each specialist unit shall have: (1) at least one Floor employee with a Regular ticket for every Post space assigned to the unit, and (2) an adequate number of Floor employees with Special tickets to provide proper service during the absence of Floor employees with Regular tickets.

Each specialist unit having insufficient office personnel available for the Floor in an emergency situation shall, within such reasonable period of time as the Exchange shall determine, make arrangements with other specialists or with its clearing firm to assure that proper service will be rendered to members and member organizations should an emergency situation arise.

.50 Applications for Registration.—Registration applications for all employees of members and member organizations for admission to the Floor shall be submitted to the Exchange on the Uniform Application for Securities Industry Registration or Transfer (Form U-4).

.60 Qualifications for Registration.—Unless otherwise determined by the Exchange, each candidate for registration shall qualify by meeting the training requirements and by passing applicable qualification examination(s) as prescribed by the Exchange.

.70 Fingerprinting.—All Floor employees of members and member organizations and all employees of members and member organizations who have submitted registration applications for admission to the Floor are required to be fingerprinted through an agent acceptable to the Exchange and to submit, or cause to be submitted, a report of such fingerprinting for appropriate processing. No applicant who has not previously been fingerprinted shall be admitted to the Floor until the results of the foregoing fingerprinting have been posted to the Central Registration Depository, reviewed and approved by the Exchange. An applicant previously fingerprinted may receive conditional approval to go upon the Floor, pending review and approval of the foregoing fingerprint report, provided that such applicant was employed by a member or registered broker-dealer within ninety days of the application.

Applicants whose fingerprint reports are deemed illegible pursuant to Rule 17f-2(a)(1)(iv) of the Exchange Act must submit an alternative background check acceptable to the Exchange covering the same factors as the fingerprint report. No applicant shall be admitted to the Floor until

the results of the background check are reviewed and approved by the Exchange, provided that an applicant who has previously supplied an acceptable background check may receive conditional approval to go upon the Floor, pending review and approval of the new background check, provided that such applicant was employed by a member or registered broker dealer within ninety days of the application.

.80 Notifications to Security Office and Return of Exchange-Issued Identification Cards

In the event of:

(1) A Floor member's or employee's termination, or

(2) Cancellation of a member's or employee's Exchange-issued identification card prior to expiration, or

(3) A member or member organization's re-assignment of a Floor member or employee to non-Floor functions

Members and member organizations must notify the Exchange's Security Office of the termination, cancellation, or re-assignment, and must surrender the member's or employee's Exchange-issued identification card to the Exchange's Security Office, within 24 hours of the termination, cancellation, or re-assignment.

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Communications Between Exchange and Members' Offices

Rule 36 – NYSE Alternext Equities. No member or member organization shall establish or maintain any telephonic or electronic communication between the Floor and any other location without the approval of the Exchange. The Exchange may to the extent not inconsistent with the Securities Exchange Act of 1934, as amended, deny, limit or revoke such approval whenever it determines, in accordance with the procedures set forth in Rule 475, that such communication is inconsistent with the public interest, the protection of investors or just and equitable principles of trade.

••• Supplementary Material:

.10 Installation of telephone lines to Exchange.—The Telephone Company will not recognize any order for the installation or disconnection of a telephone line between the Floor and any other location, except such orders as are issued by the Exchange directly to the Telephone Company.

Requests for telephone lines should be sent to Market Operations Division. Members or member organizations who desire such installations or disconnections should present their requests sufficiently in advance of the desired effective date to avoid any inconvenience resulting from insufficient notice to the Telephone Company.

.20 (a) With the approval of the Exchange, a Floor broker may maintain a telephone line or use an Exchange authorized and provided portable telephone which permits a non-member off the Floor to communicate with a member or member organization on the Floor. In addition, any Floor broker receiving orders from the public over portable phones must be properly qualified under Exchange rules to conduct such public business (See, for e.g., Rules 342 – NYSE Alternext Equities and 345 – NYSE Alternext Equities.) The use of a portable telephone on the Floor other than one authorized and issued by the Exchange is prohibited.

The Exchange will approve the maintenance of such telephone lines only at the booth location of a member or member organization.

.21 Use of a portable phone by a Floor broker:

(a) When using an Exchange authorized and provided portable phone, a Floor broker:

(i) may engage in direct voice communication from the point of sale on the Floor to an off-Floor location;

(ii) may provide status and oral execution reports as to orders previously received, as well as ‘market look’ observations as historically have been routinely transmitted from a broker’s booth location;

(iii) must comply with Exchange Rule 123(e) – NYSE Alternext Equities;

(iv) must comply with all other rules, policies, and procedures of both the Exchange and the federal securities law, including the record retention requirements, as set forth in Exchange Rule 440 – NYSE Alternext Equities and SEC Rules 17a-3 and 17a-4; and

(v) may not use call-forwarding or conference calling. Exchange authorized and provided portable phones used by Floor brokers shall not have these capabilities.

(b) Floor brokers and their member organizations must implement procedures designed to deter anyone calling their portable phone from using caller ID block or other means to conceal the phone number from which a call is being made. Members and member organizations are required to make and retain records demonstrating compliance with such procedures.

.30 Specialist Post Wires—

With the approval of the Exchange, a specialist unit may maintain a telephone line at its stock trading post location to the off-Floor offices of the specialist unit or the unit’s clearing firm. Such telephone connection shall not be used for the purpose of transmitting to the Floor orders for the purchase or sale of securities, but may be used to enter options or futures hedging orders through the unit’s off-Floor office or the unit’s clearing firm, or through a member (on the floor) of an options or futures exchange. A specialist unit may also maintain wired or wireless devices that have been registered with the Exchange, such as computer terminals or laptops, to communicate only with the system employing the algorithms and with individual algorithms. The wired or wireless device will enable the specialist to activate or deactivate the system employing the algorithms or an individual algorithm or change such system’s pre-set parameters.

Each specialist firm shall certify in the time, frequency, and manner as prescribed by the Exchange that its wired or wireless device used to communicate with the system employing the firm's algorithms or an individual algorithm operates in accordance with all SEC and Exchange rules, policies, and procedures.

In addition, specialist firms must create and maintain records of all messages generated by the firm's wired or wireless devices to communicate with the system employing the firm's algorithms in compliance with Rule 440 – NYSE Alternext Equities and SEC Rules 17a-3 and 17a-4. Such records must be maintained in the format prescribed by the Exchange.

.40 Give-ups on wire business—Time for effecting.—The limit of time within which a member or member organization executing a transaction during the 9:30 a.m. to 4:00 p.m. trading session must report to the member or organization carrying the customer's account shall be 4:15 p.m. See paragraph (d)(i) of Rule 900 – NYSE Alternext Equities (Off-Hours Trading: Applicability and Definitions) in respect of the time limit by which a member or member organization must report after executing a transaction through the Off-Hours Trading Facility.

.50 Give-ups on wire business; method of handling.—When a member or member organization, with instructions to give up that other member or organization, the member or member organization originally receiving the order shall on the same day send a written confirmation of the order as received to the office of the other member or organizations.

The member or organization executing such an order shall confirm the execution thereof on the same day in writing to the office of the member or organization for whose account it was executed.

These confirmations shall be in addition to any report which may be made on the Floor.

Clearance of the transaction pursuant to the rules of a Qualified Clearing Agency or pursuant to the rules of the Exchange shall be arranged between the members or member organizations.

.60 Telephone listings.—A member or member organization may not permit a non-member to list the telephone number of a line terminating in a switchboard of the member or member organization in any type of telephone directory under the name of the non-member.

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Visitors

Rule 37 – NYSE Alternext Equities. Visitors shall not be admitted to the Floor of the Exchange except by permission of a qualified officer of NYSE Euronext or its subsidiaries or a Senior Floor Official, Executive Floor Official, a Floor Governor, or an Executive Floor Governor of NYSE Alternext or New York Stock Exchange LLC.

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Rules 38 – NYSE Alternext Equities - Rule 44 – NYSE Alternext Equities. Reserved.

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Dealings and Settlements

(Rules 45 – NYSE Alternext Equities—299C – NYSE Alternext Equities)

Making and Settling of Exchange Contracts (Rules 45 – NYSE Alternext Equities—48 – NYSE Alternext Equities)

Rule 45 – NYSE Alternext Equities. Reserved.

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Floor Officials—Appointment

Rule 46 – NYSE Alternext Equities. (a) Each Executive Floor Governor shall be approved as a Floor Official and shall be empowered to perform any duty, make any decision or take any action assigned to or required of a Floor Governor.

(b) The Exchange Chairman, in consultation with the Executive Floor Governors and NYSE Regulation Board of Directors and with the approval of the Exchange Board, shall, at the annual meeting of the Exchange Board of Directors or at such other time as may be deemed necessary:

(i) designate as Floor Officials such other members as he may determine, who shall perform such duties as are prescribed by the Rules of the Exchange to serve at the pleasure of the Exchange Board of Directors or until the next annual meeting of the Exchange Board of Directors at which time successors Floor Officials are appointed and take office.

(ii) designate twenty such other members as Floor Governors, who shall be empowered to perform any duty, make any decision or take any action assigned to or required of an Executive Floor Governor as are prescribed by the Rules of the Exchange or as may be designated by the Exchange Board.

For purposes of this rule, a Floor Governor, by virtue of his appointment as such, shall also be deemed to be a Floor Official, and, therefore empowered to perform such duties as are specifically prescribed by the Rules of the Exchange Board or as may be designated by the Exchange Board regarding Floor Officials.

(iii) designate such number of Executive Floor Officials as he may determine from those Floor Governors who have completed their term of service as Floor Governors, who shall be empowered to perform any duty, make any decision or take any action assigned to or required of a

Floor Governor as are prescribed by the Rules of the Exchange or as may be designated by the Exchange Board regarding Floor Governors.

(iv) designate such number of Senior Floor Officials as he may determine from Floor Officials who are entering their fifth or sixth year of service, who shall be empowered to perform any duty, make any decision or take any action assigned to or required of a Floor Governor as are prescribed by the Rules of the Exchange or as may be designated by the Exchange Board regarding Floor Governors.

(v) designate such number of qualified NYSE Euronext employees as he may determine, who shall be empowered to take any action assigned to or required of a Floor Governor as are prescribed by the Rules of the Exchange or as may be designated by the Exchange Board regarding Floor Governors.

(c) Each Floor Official, Floor Governor, Executive Floor Official, Senior Floor Official and Executive Floor Governor so appointed pursuant to Rules 46 – NYSE Alternext Equities and 46A – NYSE Alternext Equities as applicable shall serve at the pleasure of the Exchange Board of Directors or until the next annual meeting of the Exchange and their successors are appointed and take office.

••• Supplementary Material:

.10 For purposes of this rule, the term “qualified NYSE Euronext employee” shall mean employees of NYSE Euronext or any of its subsidiaries, excluding employees of NYSE Regulation, Inc., who shall have satisfied any applicable testing or qualification required by the Exchange for all Floor Governors.

.20 References in any Exchange Rule to Floor Official or Floor Governor shall be deemed to refer to qualified NYSE Euronext employees in addition to other Floor Governors or Floor Officials.

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Executive Floor Governors

Rule 46A – NYSE Alternext Equities. (a) The Board of Directors of the Exchange, in consultation with the Board of Directors of NYSE Regulation, shall appoint such number of Executive Floor Governors as it deems appropriate, each of whom shall serve for a term of one year, or until the next annual organizational meeting of the Exchange Board, whichever first occurs.

(b) Executive Floor Governors shall consist of (i) at least two registered specialists, each of whom spends a substantial part of his or her time on the Floor of the Exchange; and (ii) at least two Floor brokers, each of whom spends a majority of his or her time on the Floor of the Exchange executing transactions on the Floor of the Exchange for other than his or her own account or the

account of his or her member organization. Executive Floor Governors assist in the administration of the rules regarding trading on the Exchange and any facility thereof.

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Floor Officials—Unusual Situations

Rule 47 – NYSE Alternext Equities. Floor Officials shall have power to supervise and regulate active openings and unusual situations that may arise in connection with the making of bids, offers or transactions on the Floor.

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Exemptive Relief — Extreme Market Volatility Condition

Rule 48 – NYSE Alternext Equities. (a) In the event that extremely high market volatility is likely to have a Floor-wide impact on the ability of specialists to arrange for the fair and orderly opening of trading at the Exchange and that absent relief, the operation of the Exchange is likely to be impaired, a qualified Exchange officer may declare an extreme market volatility condition with respect to trading on or through the facilities of the Exchange.

(b) In the event that an extreme market volatility condition is declared with respect to trading on or through the facilities of the Exchange, a qualified Exchange officer shall be empowered to suspend (i) the need for prior Floor Official or prior NYSE Market, Inc. Floor operations approval to open a security at the Exchange and/or (ii) applicable requirements to make pre-opening indications in a security. Such suspension is subject to the following provisions:

(1)(a) Before declaring an extreme market volatility condition, the qualified Exchange officer shall consider the facts and circumstances that are likely to have Floor-wide impact for a particular trading session, including volatility in the previous day’s trading session, trading in foreign markets before the open, substantial activity in the futures market before the open, the volume of pre-opening indications of interest, evidence of pre-opening significant order imbalances across the market, government announcements, news and corporate events, and such other market conditions that could impact Floor-wide trading conditions.

(b) Such review shall be undertaken in consultation with relevant officials of the Exchange and NYSE Regulation, as appropriate. Following the review, the qualified Exchange officer or his or her designee shall document the basis for declaring an extreme market volatility condition.

(2) The qualified Exchange officer will make a reasonable effort to consult with the staff of the Securities and Exchange Commission before declaring an extreme market volatility condition and granting a suspension of the NYSE Alternext Equities rules or procedures. In the event that the qualified Exchange officer cannot reach the Commission staff, the qualified Exchange officer will,

as promptly as practicable in the circumstances, inform the Commission staff of such declaration, the basis for such declaration, and what relief has been granted.

(3) An extreme market volatility condition may only be declared before the scheduled opening or reopening following a market-wide halt of securities at the Exchange.

(4) A declaration of an extreme market volatility condition shall be in effect only for the trading session on the particular day that the extreme market volatility condition is determined to exist. The Exchange may declare a separate extreme market volatility condition on subsequent days subject to sections (b)(1) through (b)(3) above.

(5) A declaration of extreme market volatility shall not relieve specialists from the obligation to make pre-opening indications in situations where the opening of a security is delayed for reasons unrelated to the extreme market volatility condition.

(c) For purposes of this Rule, a ‘qualified Exchange officer’ means the Chief Executive Officer of NYSE Euronext, or his or her designee, or the Chief Executive Officer of NYSE Regulation, Inc., or his or her designee.

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Rules 49 – NYSE Alternext Equities - Rule 50 – NYSE Alternext Equities. Reserved.

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Dealings upon the Exchange (Rules 51 – NYSE Alternext Equities—56 – NYSE Alternext Equities)

Hours for Business

Rule 51 – NYSE Alternext Equities. Except as may be otherwise determined by the Board of Directors as to particular days, the Exchange shall be open for the transaction of business on every business day, excluding Saturdays; (a) for a 9:30 a.m. to 4:00 p.m. trading session; (b) for the purposes of ‘Off-Hours Trading’ (as Rule 900 – NYSE Alternext Equities (Off-Hours Trading: Applicability and Definitions) defines that term), during such hours as the Exchange may from time to time specify; and (c) during such hours as may be specified by Exchange rule.

Except as may be otherwise determined by the Exchange Board of Directors, the Chief Executive Officer of the Exchange shall have the power to halt or suspend trading in some or all securities traded on the Exchange, to close some or all Exchange facilities, and to determine the duration of any such halt, suspension or closing, when he deems such action to be necessary or

appropriate for the maintenance of a fair and orderly market or the protection of investors, or otherwise in the public interest, due to extraordinary circumstances, such as (1) actual or threatened physical danger, severe climatic conditions, civil unrest, terrorism, acts of war, or loss or interruption of facilities utilized by the Exchange, or (2) a request by a governmental agency or official, or (3) a period of mourning or recognition for a person or event. In considering such action, the Chief Executive Officer of the Exchange shall consult with such available Executive Floor Governors as he deems appropriate under the circumstances. The Chief Executive Officer of the Exchange shall notify the Exchange Board of actions taken pursuant to this Rule, except for a period of mourning or recognition for a person or event, as soon thereafter as is feasible.

••• Supplementary Material:

.10 Holidays.—The Board has determined that the Exchange will not be open for business on New Year’s Day, Martin Luther King, Jr. Day, Washington’s Birthday, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Martin Luther King, Jr. Day, Washington’s Birthday and Memorial Day will be celebrated on the third Monday in January, the third Monday in February and the last Monday in May, respectively

The Exchange Board has also determined that, when any holiday observed by the Exchange falls on a Saturday, the Exchange will not be open for business on the preceding Friday and when any holiday observed by the Exchange falls on a Sunday, the Exchange will not be open for business on the succeeding Monday, unless unusual business conditions exist, such as the ending of a monthly or the yearly accounting period.

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Dealings on the Exchange—Hours

Rule 52 – NYSE Alternext Equities. Dealings on the Exchange shall be limited to the hours during which the Exchange is open for the transaction of business; and no member shall make any bid, offer or transaction on the Exchange, or route an order to another market center from the Exchange, before or after those hours, except that a specialist may issue pre-opening indications, pursuant to the Exchange Rule 15 – NYSE Alternext Equities, before the official opening of the Exchange and loans of money or securities may be made after the official closing of the Exchange.

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Dealings on Floor—Securities

Rule 53 – NYSE Alternext Equities. Only securities admitted to dealings on an ‘issued,’ ‘when issued,’ or ‘when distributed’ basis shall be dealt in upon the Exchange.

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Dealings on Floor—Persons

Rule 54 – NYSE Alternext Equities. (a) Only members shall be permitted to make or accept bids and offers, consummate transactions or otherwise transact business on the Floor in any security admitted to dealings on the Exchange.

(b) Notwithstanding paragraph (a) above, an appropriately registered and supervised booth clerk working in a member organization’s booth premise that is approved by NYSE Regulation, Inc. (‘NYSER’) to operate its booth premise similar to the member organization’s ‘upstairs’ office pursuant to Exchange Rule 70.40 – NYSE Alternext Equities shall be allowed to process orders sent to the booth in the same manner that sales traders in a member organization’s ‘upstairs office’ are allowed to process orders.

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Unit of Trading—Stocks and Bonds

Rule 55 – NYSE Alternext Equities. The unit of trading in stocks shall be 100 shares, except that in the case of certain stocks designated by the Exchange the unit of trading shall be such lesser number of shares as may be determined by the Exchange, with respect to each stock so designated.

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Unit of Trading—Rights

Rule 56 – NYSE Alternext Equities. Except as otherwise designated by the Exchange, transactions in rights to subscribe shall be on the basis of one right accruing on each share of issued stock and the unit of trading in rights shall be 100 rights.

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Rules 57– NYSE Alternext Equities - Rule 59 – NYSE Alternext Equities. Reserved.

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Auction Market—Bids and Offers (Rules 60 – NYSE Alternext Equities—80B – NYSE Alternext Equities)

Dissemination of Quotations

Rule 60 – NYSE Alternext Equities. (a)(1) For purposes of this rule, the terms ‘vendor’, ‘bid’, ‘offer’, ‘NMS security’, ‘quotation size’, ‘published bid’, ‘published offer’, ‘published quotation size’, ‘make publicly available’, ‘aggregate quotation size’ and ‘specified persons’ shall have the meaning given to them in Section 242.600(b) of Regulation NMS.

(b) Each member who is a responsible broker or dealer on the Floor shall, in addition to meeting his obligations as set forth in paragraph (b) of Section 242.602 of Regulation NMS as applicable to such member under this rule, also abide by such rules and procedures adopted by the Exchange, in order to enable the Exchange to meet its quotation dissemination requirements under paragraph (a) of Section 242.602 of Regulation NMS as applicable to the Exchange under this rule.

(c) With respect to paragraph (a) of Section 242.602 of Regulation NMS, the Exchange shall, at all times it is open for trading, collect, process and make available to vendors the highest bid and the lowest offer, and the quotation size or the aggregate quotation size associated therewith, in each NMS security in accordance with paragraphs (e) and (g) below (excluding any such bid or offer which is executed immediately after being made in the crowd and any such bid or offer which is canceled or withdrawn if not executed immediately after being made) except during any period when trading in such NMS security has been suspended or halted, or prior to the commencement of trading in such NMS security on any trading day. Bids and offers on the Exchange, and associated quotation sizes and aggregate quotations sizes, shall be collected, processed and made available to quotation vendors as follows:

(1) Normal Mode—Unless otherwise designated pursuant to the provisions of subparagraphs (c)(2), the market on the Floor for each NMS security shall be considered to be in a ‘normal mode’. While such market is in a normal mode, only the specialist shall determine the size to be communicated to the Reporter and shall be deemed the ‘responsible broker or dealer’ with respect to any bid or offer made available by the Exchange to vendors.

(2)(a) Non-Firm Mode—With respect to subparagraph (a)(3) of Section 242.602 of Regulation NMS, a Floor Governor, Senior Floor Official, or Executive Floor Official (or two Floor Officials in the event a Floor Governor, Senior Floor Official, or Executive Floor Official is not available) shall have the power to determine that the level of trading activity or the existence of unusual market conditions are such that the Exchange is incapable of collecting, processing and making available to vendors bids, offers and quotation sizes with respect to one or more NMS securities in a manner which accurately reflects the current state of the market on the Floor. Such officials are sometimes referred to in this subparagraph (2) as the ‘Initiating Official(s)’. Upon making of such a determination, the specialist shall designate the market in such security to be in a ‘non-firm mode’, which shall remain in effect for a period not to exceed 30 minutes pending review as described below.

(b) When the Exchange quotation is not available for automatic execution because of a liquidity replenishment point, gap quote or the manual reporting of a block-sized transaction pursuant to Rules 1000(a)(iii) – NYSE Alternext Equities, 1000(iv) – NYSE Alternext Equities and 1000(v) – NYSE Alternext Equities, the Exchange will identify the quotation with an indicator signifying that it is non-firm.

Whenever a Floor Governor, Senior Floor Official, or Executive Floor Official or two Floor Officials make any such determination with respect to any NMS security, he or they shall immediately notify the Market Surveillance Division of the Exchange. During any period that the market in an NMS security is in a non-firm mode, members on the Floor shall be relieved of their obligations under Section 242.602 of Regulation NMS as applicable to such members under this Rule 60 – NYSE Alternext Equities with respect to such NMS security, but the specialist shall report bids and offers or revised bids and offers in such reported security, for publication, on a ‘best efforts’ basis.

During any period that the market in an NMS security is in a non-firm mode, the Initiating Official(s) shall monitor the activity or condition which formed the basis for his or their determination. No more than 30 minutes after such market has been designated to be in a non-firm mode, the specialist shall review the condition of such market with the Initiating Official(s). In the event that the Initiating Official(s) are not available, the specialist shall review such condition with another Floor Governor, Senior Floor Official, or Executive Floor Official (or two Floor Officials if a Floor Governor, Senior Floor Official, or Executive Floor Official is not available). Continuation of the non-firm mode for longer than 30 minutes shall require the reaffirmation of the reviewing Floor Governor, Senior Floor Official, or Executive Floor Official or Floor Officials. Such review and reaffirmation shall occur not less frequently than every 30 minutes thereafter while the non-firm mode is in effect.

When the Exchange is once again capable of collecting, processing and making available to vendors bids, offers, quotations sizes and aggregate quotation sizes with respect to an NMS security that is in a non-firm mode in a manner which accurately reflects the current state of the market on the Floor, the Initiating Official(s) or, in the event he or they are not available, another Floor Governor, Senior Floor Official, or Executive Floor Official (or two Floor Officials if a Floor Governor, Senior Floor Official, or Executive Floor Official is not available) shall immediately renotify the Market Surveillance Division and the specialist in such NMS security shall designate the market therein to be in a normal mode. Members on the Floor shall thereupon once again be obligated under Section 242.602 of Regulation NMS as applicable to such members under this Rule 60 – NYSE Alternext Equities with respect to such NMS security.

(d) Reserved.

(e) Autoquoting of highest bid/lowest offer. The Exchange will autoquote the Exchange’s highest bid or lowest offer to reflect non-marketable limit orders, Floor broker agency interest (also referred to as ‘e-Quotes’) pursuant to the provisions of Rule 70.20 (c)(ii) – NYSE Alternext Equities, Floor broker proprietary interest (also referred to as ‘G-quotes’) pursuant to provisions of Section 11(a)(1)(G) of the Securities Exchange Act of 1934 as amended, and specialist interest (also referred to as ‘s-Quotes’) pursuant to the provisions of Rule 104(d)(i) – NYSE Alternext Equities whenever it is at a price higher (lower) than the previously disseminated highest (lowest) bid (offer). When the Exchange’s highest bid or lowest offer has been traded with in its entirety, the Exchange will autoquote a new bid or offer reflecting the total size of orders at the next highest (in the case of a bid) or lowest (in the case of an offer) price.

(i) Autoquote will be suspended when (A) the specialist has gapped the quotation in accordance with Exchange policies and procedures, (B) a block-size transaction as defined in Rule

127.10 – NYSE Alternext Equities that involves orders on the Display Book® is being reported manually or (C) a liquidity replenishment point ('LRP') as defined in Exchange Rule 1000(a)(iv) – NYSE Alternext Equities has been reached, except as provided in (iv)(c), below.

(ii)(A) After the specialist has gapped the quotation, autoquote will resume with a manual transaction or the publication of a non-gapped quotation.

(B) Autoquote will resume immediately after the report of a block-size transaction involving orders on the Display Book®.

(C) Autoquote will resume as soon as possible after a LRP, as defined in Exchange Rule 1000(a)(iv)(A) – NYSE Alternext Equities has been reached, but in no more than five to ten seconds, unless the unfilled balance of an automatically executing order is able to trade at a price above (below) the LRP and the price creates a locked or crossed market. In such case, autoquote will resume with a manual transaction, consistent with Section 242.604 of Regulation NMS (the 'Limit Order Protection Rule') and Exchange Rule 79A.15 – NYSE Alternext Equities.

(iii) In the following situations, even though automatic executions are suspended pursuant to Rule 1000(a) – NYSE Alternext Equities, autoquote will update the quote:

(a) When the Exchange best bid (offer) is such that it is outside a LRP and such LRP has not yet been reached.

(b)(i) When an order or cancellation of an order arrives that would not result in a locked or crossed market in a security whose price on the Exchange is \$1000 or more ('high-priced' security) or a manual execution takes place in such security.

(ii) When cancellation of the Exchange best bid (offer) in a high-priced security arrives whenever the Display Book® in such security is internally locked or crossed and autoquoting of the next best bid (offer) would create a locked or crossed market on the Exchange, 100 shares at the bid (offer) price that existed at the time of the cancellation will be autoquoted.

(c) When autoquote is suspended pursuant to paragraph (e)(i)(C), above, and automatic executions are suspended pursuant to Rule 1000(a) – NYSE Alternext Equities, autoquote will update the quote as follows:

(i) if part of the existing Exchange best bid (offer) cancels, the remaining volume associated with such bid (offer) will be autoquoted.

(ii) if the entire existing Exchange best bid (offer) cancels, 100 shares at the bid (offer) price that existed at the time of the cancellation will be autoquoted.

(iii) if there is a cancellation of the Exchange best bid (offer) whenever the Display Book is internally locked or crossed and autoquoting of the next best bid (offer) would create a locked or crossed market on the Exchange, 100 shares at the bid (offer) price that existed at the time of the cancellation will be autoquoted.

(f) In addition to meeting its obligations as set forth in paragraph (a) of Section 242.602 of Regulation NMS as applicable to the Exchange under this Rule 60 – NYSE Alternext Equities, the Exchange shall make available to quotation vendors and shall communicate to other specified persons the appropriate mode identifier in effect as to each reported security which shall, in the case of the initiation and termination of non-firm modes, effect the requisite notification and re-notification of specified persons under subparagraph (a)(3) of Section 242.602 of Regulation NMS.

(g)(1) Each specialist shall promptly report in each NMS security in which he is registered the highest bid and lowest offer made in the trading crowd in such security and the associated quotation size that he wishes to make available to vendors.

(2) Each specialist who is a responsible broker or dealer on the Floor shall:

(i) promptly report as to the reported security whenever a bid, offer or quotation size he previously reported is to be revised; and

(ii) promptly report as to the reported security whenever a bid and/or offer he previously reported is to be cancelled or withdrawn.

••• Supplementary Material:

.10 No specialist shall be deemed to be a responsible broker or dealer with respect to a published bid or offer that is erroneous as a result of an error or omission made by the Exchange or any vendor. If a published bid or published offer is accurate but the published quotation size (or published aggregate quotation size, as the case may be) associated with it is erroneous as a result of an error or omission made by the Exchange or any vendor, then the specialist who is responsible for the published bid or published offer shall be obligated to the extent set forth in paragraph (b) of Section 242.602 of Regulation NMS but only to the extent of one unit of trading in the reported security in question.

.20 While the market for a reported security is in a ‘normal mode’, the specialist shall honor any bid or offer then being displayed by vendors which is erroneous, up to the quotation size then being so displayed, which has been displayed for six minutes or more on the Price Display Unit at the post. Provided, however, that the specialist shall not be required to honor such a bid or offer which is erroneous as to either price or size or both if:

(i) as a matter of record, an execution, cancellation or update of such bid or offer was in effect or in process;

(ii) in honoring such a bid or offer, the resulting transaction would violate applicable Exchange rules or federal regulations;

(iii) equipment failure prevents the specialist from monitoring such bid or offer; or

(iv) the price sought upon such quotation is above the current bid or below the current offer, on the Floor, by (a) one-half point or more in the case of an NMS security trading at \$50 or less or (b) one point or more in the case of an NMS security trading at more than \$50.

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Vendor Liability Disclaimer

Rule 60A – NYSE Alternext Equities. In connection with member or member organization use of any electronic system, service, or facility provided by the Exchange to members for the conduct of their business on the Exchange (i) the Exchange may expressly provide in the contract with any vendor providing all or part of such electronic system, service, or facility to the Exchange, that such vendor and its subcontractors shall not be liable to the member or member organization for any damages sustained by a member or member organization growing out of the use or enjoyment thereof by the member or member organization, and (ii) members and member organizations shall indemnify the Exchange and any vendor and subcontractor covered by subsection (i) above (and their directors, officers, employees and agents) with regard to any and all judgements, damages, costs, or losses of any kind (including reasonable attorneys' fees and expenses), as a result of any claim, action, or preceeding that arises out of or relates to the member or member organization's use of such electronic system, service, or facility.

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Recognized Quotations

Rule 61 – NYSE Alternext Equities. The recognized quotations shall be publicly announced bids and offers in lots of one trading unit or multiples thereof. Any bid or offer for an amount less than one trading unit shall have no standing in the trading crowd on the Floor and shall not be part of any recognized quotation. Bids and offers in other market centers which may be displayed on the Floor for the purposes of Regulation NMS or other purposes shall have no standing in the trading crowds on the Floor.

Round lots—Odd lots—Stocks

Bids or offers for less than the unit of trading shall specify the number of shares of stock covered by the bid or offer.

More than one unit

All bids and offers for more than one trading unit shall be considered to be for the amount thereof or any lesser number of units.

••• Supplementary Material:

.10 Less than trading unit.—A transaction in an amount less than the unit of trading does not take bids or offers from the Floor.

.20 More than trading unit—Uneven amounts.—A transaction in more than the unit of trading but not a multiple thereof (such as 175 shares) takes bids and offers from the Floor, affects ‘stop’ orders, may be published on the tape and in the sales sheet and is not considered a special

transaction. A bid or offer for any such amount is considered to be either for the amount thereof or for lesser amounts in the unit of trading.

.30 An order which includes one or more trading units and an amount less than one trading unit may be presented to the specialist, but the amount that is less than one unit of trading shall be processed and executed by means of the Exchange's odd-lot pricing system and shall not be printed on the tape.

.40 **Special distributions.**—Nothing in this Rule shall preclude the effecting of transactions as specified in Rule 392 – NYSE Alternext Equities, and the printing of such transactions on the tape.

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Variations

Rule 62 – NYSE Alternext Equities. Bids or offers in securities admitted to trading on the Exchange may be made in such variations as the Exchange shall from time to time determine and make known to its membership.

••• *Supplementary Material:*

.10 Notwithstanding the provision for changing the minimum price variation in Rule 62 – NYSE Alternext Equities, above, with respect to equity securities trading on the Exchange in decimal price variations pursuant to the phase-in of decimal pricing under the 'Decimal Implementation Plan for the Equities and Options Markets,' filed with the Securities and Exchange Commission on July 24, 2000, the minimum price variation shall be one cent (0.01).

.20 With respect to equity securities trading on the Exchange at a price of \$100,000 or greater, the minimum price variation shall be ten cents (\$.10).

* * * * *

'When Issued'—'When Distributed'

Rule 63 – NYSE Alternext Equities. Bids and offers in securities admitted to dealings on a 'when issued' basis shall be made only 'when issued,' i.e., for delivery when issued as determined by the Exchange.

Bids and offers in securities admitted to dealings on a 'when distributed' basis shall be made only 'when distributed,' i.e., for delivery when distributed as determined by the Exchange.

••• *Supplementary Material:*

.10 'When issued' and 'when distributed' orders.—When dealings in a stock on a 'when issued' or 'when distributed' basis are suspended, and dealings of the same stock are continued on a 'regular way' basis, all orders in the hands of the specialists and odd-lot dealers for the purchase or sale of the stock on a 'when issued' or 'when distributed' basis will expire at the close of business on the day before such dealings on a 'when issued' or 'when distributed' basis are suspended, unless otherwise directed by the Exchange.

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Bonds, Rights and 100-Share-Unit Stocks

Rule 64 – NYSE Alternext Equities. (a) Bids and offers in securities admitted to dealings on an 'issued' basis, except as provided in Rule 66 – NYSE Alternext Equities, shall be made only as follows, and may be made simultaneously as essentially different propositions, but when made without stated conditions shall be considered to be 'regular way':

(1) 'Cash,' i.e., for delivery on the day of the contract;

(2) 'next day,' i.e., for delivery on the first business day following the day of the contract;

(3) 'regular way,' i.e., for delivery on the third business day following the day of the contract;

(4) 'seller's option,' i.e., for delivery within the time specified in the option, which time shall be not less than two business days nor more than 180 days following the day of the contract; except that the Exchange may provide otherwise in specific issues of securities or classes of securities;

(5) and for any such additional settlement periods as the Exchange may from time to time determine;

and, except that on the second and third business days preceding the final day for subscription, bids and offers in rights to subscribe shall be made only 'next day,' i.e., for delivery on the next business day following the day of the contract; and shall be made only for 'cash' on the day preceding the final day for subscription.

(b) All trades effected for other than 'regular way' settlement that are more than 0.10 point away from the 'regular way' bid or offer must be approved by a Floor Official, except during last calendar week of the year at which time Floor Official approval is required only for sales more than 0.25 point away from the 'regular way' bid or offer. In considering whether or not to grant such approval, the Floor Official should take into consideration whether the price of the transaction is reasonable in relation to the 'regular way' market.

(c) All 'seller's option' trades, for delivery between two and 180 business days, should be reported to the tape only in calendar days. For example, a trade settling in six business days would print as a 'seller's 8' unless there is an intervening holiday (in which case it would print as a 'seller's 9'). Weekends and holidays are counted and the trade date is not included when calculating the print for 'seller's option' trades. The settlement date of a 'seller's option'

transaction printed as calendar days cannot coincide with the normal three business day ‘regular way’ settlement.

* * * * *

Less Than 100-Share-Unit Stocks

Rule 65 – NYSE Alternext Equities. (a) Stocks having a unit of trading of less than 100 shares shall be dealt in as provided in Rule 64 – NYSE Alternext Equities.

(b) Anything contained in the Rules to the contrary notwithstanding, the following rule shall apply to deliveries of less than 100-share-unit stocks dealt in pursuant to this rule:

Unless otherwise directed by the Exchange, an odd lot of stock sold by an odd-lot dealer for his own account shall be delivered on the third business day following the day of the transaction, unless otherwise agreed.

* * * * *

U.S. Government Securities

Rule 66 – NYSE Alternext Equities. Bids and offers in *securities of the United States Government* admitted to dealings on an ‘issued’ basis shall be made only as follows, and may be made simultaneously as essentially different propositions, but when made without stated conditions shall be considered to be ‘regular way’:

(1) ‘Cash,’ i.e., for delivery on the day of the contract;

(2) ‘regular way,’ i.e., for delivery on the business day following the day of the contract;

(3) ‘seller’s option,’ i.e., for delivery within the time specified in the option, which time shall be not less than two business days nor more than sixty days following the day of the contract, except that the Exchange may provide otherwise in such securities.

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Rules 67 – NYSE Alternext Equities - Rule 69 – NYSE Alternext Equities. Reserved.

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Bids and Offers

Rule 70 – NYSE Alternext Equities. When a bid is clearly established, no bid or offer at a lower price shall be made. When an offer is clearly established, no offer or bid at a higher price shall be made.

All bids made and accepted, and all offers made and accepted, in accordance with Exchange Rules shall be binding.

••• Supplementary Material:

.10 Any bid which is made at the same or higher price of the prevailing offer shall result in a transaction at the offer price in an amount equal to the lesser of the bid or offer. The same principle shall apply when an offer is made at the same or lower price as the bid.

.20 (a) (i) With respect to orders he or she is representing on the Floor, a Floor broker may place within the Display Book® system broker agency interest files at multiple price points on both sides of the market at or outside the Exchange best bid and offer with respect to each security trading in the location(s) comprising the Crowd such Floor broker is a part of with respect to orders he or she is representing on the Floor, except that the agency interest files shall not include unelected stop orders or any customer interest that restricts the specialist's ability to be on parity pursuant to Exchange Rules 104.10(5)(i)(a)(I)(d) – NYSE Alternext Equities and 108(a) – NYSE Alternext Equities.

(ii) The requirement that a Floor broker be in the Crowd in order to have agency interest files does not apply to orders governed by Section 11(a)(1)(G) of the Securities Exchange Act of 1934 ('G' orders).

(b) All Floor broker agency interest placed within files in the Display Book® system at the same price and on the same side shall be on parity with each other, except agency interest that establishes the Exchange best bid or offer shall be entitled to priority in accordance with Exchange Rule 72 – NYSE Alternext Equities. No Floor broker agency interest placed within files in the Display Book® system shall be entitled to precedence based on size.

(c)(i) Floor broker agency interest placed within files shall become part of the quotation when it is at or becomes the Exchange best bid or offer and shall be executed in accordance with Exchange Rule 72 – NYSE Alternext Equities. Floor broker agency interest (also referred to as e-QuotesSM) placed within files shall be automatically executed, in accordance with, and to the extent provided by, Exchange Rules 1000 – NYSE Alternext Equities-1004 – NYSE Alternext Equities.

(ii) A Floor broker shall have the ability to maintain undisplayed reserve interest at the Exchange best bid and offer provided that a minimum of one round-lot of the broker's agency interest is displayed at that price.

(iii) After an execution involving a Floor broker's agency interest at the Exchange best bid or offer that does not exhaust the broker's interest at that price, the displayed interest will be automatically replenished from his or her reserve interest, if any, so that at least one round-lot of the broker's interest is displayed.

(iv) An automatically executing order will trade first with the displayed bid (offer) and if there is insufficient displayed volume to fill the order, will trade next with reserve interest, if any, including specialist reserve interest. All reserve interest will trade on parity.

(e) A Floor broker may trade on behalf of his or her orders as part of the Crowd at the same price and on the same side of the market as his or her agency interest placed within files only to the extent that the volume traded in the Crowd is not included in the agency interest files.

(f) A Floor broker's agency interest files must be cancelled when he or she leaves the Crowd, except that a Floor broker may leave the Crowd without canceling his or her agency interest files to recharge his or her handheld device. In addition, Floor brokers may leave the Crowd without canceling his or her agency interest files ('e-Quotes') to obtain 'market looks' in securities located at panels that are part of another Crowd. Failure to adhere to these provisions is a violation of Exchange rules. The Floor broker shall be held to all executions involving his or her agency interest files.

(g) The aggregate number of shares of agency interest in the files at each price shall be made available to the specialist. A Floor broker has discretion to exclude all of his or her agency interest, subject to the provisions below, from the aggregated agency interest information available to the specialist.

(h) (i) Broker agency interest excluded from the aggregated agency interest information available to the specialist is able to participate in automatic executions and in manual executions. (ii) Specialists, trading assistants and anyone acting on their behalf are prohibited from using the Display Book® system to access information about Floor broker agency interest excluded from the aggregated agency interest other than for the purpose of effecting transactions that are reasonably imminent where such Floor broker agency interest information is necessary to effect such transaction.

(i) The Floor broker is the executing broker for transactions involving his or her agency interest files.

(j)(i) Floor broker agency interest placed within files may participate in the opening and closing trades in accordance with Exchange policies and procedures governing the open.

(ii) Floor broker agency interest may be placed within files prior to the opening trade, regardless of the Floor broker's location on the Floor, provided they have complied with the requirements of Rule 123(e) – NYSE Alternext Equities. However, Floor brokers must be in the Crowd at the open in order to participate in the opening trade and any agency interest entered prior to the open in securities that are not part of such Crowd must be cancelled before the open.

(k) The ability of a Floor broker to have reserve interest will be available during the open and during the close. The ability of a Floor broker to exclude volume from aggregated agency interest information available to the specialist will not be available during the open and the close. Floor broker agency interest will not be excluded from the aggregate agency interest information available to the specialist during a manual execution.

(l) Nothing in this rule shall be interpreted as modifying or relieving the Floor broker from his or her agency obligations and required compliance with all SEC and Exchange rules, policies and procedures.

.25 Discretionary Instructions for Bids and Offers Represented via Floor Broker Agency Interest Files (e-QuotesSM)

(a)(i) A Floor broker may enter discretionary instructions as to size and/or price with respect to his or her e-Quotes ('discretionary e-Quotes' or 'd-Quotes'). The discretionary instructions relate to the price at which the d-Quote may trade and the number of shares to which the discretionary price instructions apply.

(ii) Discretionary instructions are active only when the e-Quote is at or joins the existing Exchange best bid or best offer or would establish a new Exchange best bid or offer.

(iii) Discretionary instructions are active only with respect to automatic executions. Discretionary instructions are not active with respect to the opening and closing transactions.

(iv) Discretionary instructions will be applied only if all d-Quoting prerequisites are met. Otherwise, the d-Quote will be handled as a regular e-Quote, notwithstanding the fact that the Floor broker has designated the e-Quote as a d-Quote. For example, to be considered a discretionary e-Quote, an e-Quote must have a discretionary price range.

(v) The requirements for e-Quotes apply to d-Quotes, including the requirement that the Floor broker be in the Crowd.

(vi) A Floor broker may have multiple d-Quotes, with different discretionary price and size limitations, on the same side of the market. Such multiple d-Quotes do not compete with each other for executions. Trading volume is allocated by Floor broker, not number of d-Quotes participating in an execution.

(vii) Discretionary instructions apply to both displayed and reserve interest, including reserve interest that is excluded from the aggregate reserve size visible to the specialist on the Floor.

(viii) Neither the specialist on the Floor nor the specialist system employing algorithms will have access to the discretionary instructions entered by Floor brokers with respect to their e-Quotes.

(b) Price Discretion

(i) A Floor broker may set a discretionary price range within the Exchange best bid and offer that specifies the prices at which they are willing to trade. This discretion will be used, as necessary, to initiate or participate in a trade with an incoming order capable of trading at a price within the discretionary price range.

(ii) The minimum price range for a discretionary e-Quote is the minimum price variation set forth in Exchange Rule 62 – NYSE Alternext Equities.

(iii) Floor brokers may specify that price discretion applies to all or only a portion of their d-Quote. Price discretion is necessary for d-Quotes. Therefore, if price discretion is provided for only a portion of the d-Quote, the residual will be treated as an e-Quote.

(iv) When price discretion is used, d-Quotes trade first from reserve volume, if any, and then from displayed volume.

(c) Discretionary Size

(i) A Floor broker may designate the amount of his or her e-Quote volume to which discretionary price instructions shall apply.

(ii) A Floor broker may designate a minimum and/or maximum size of contra-side volume with which it is willing to trade using discretionary price instructions.

(iii) Only displayed interest will be used by Exchange systems to determine whether the size of contra-side volume is within the d-Quote's discretionary size range. Contra-side reserve and other interest at the possible execution price will not be considered by Exchange systems when making this determination.

(iv) Interest displayed by other market centers at the price at which a d-Quote may trade will not be considered by Exchange systems when determining if the d-Quote's minimum and/or maximum size range is met, unless the Floor broker designates that such away volume should be included in this determination.

(v) An increase or reduction in the size associated with a particular price that brings the contra-side volume within a d-Quote's minimum or maximum discretionary size parameter, will trigger an execution of that d-Quote.

(vi) Once the total amount of a Floor broker's discretionary volume has been executed, the d-Quote's discretionary price instructions will become inactive and the remainder of that d-Quote will be treated as an e-Quote.

(d) Executions of Discretionary e-Quotes

(i) The goal of discretionary e-Quoting is to secure the largest execution for the d-Quote, using the least amount of price discretion. In so doing, d-Quotes may often improve the execution price of incoming orders. Conversely, if no discretion is necessary to accomplish a trade, none will be used.

(A) Future executions that may occur, such as those resulting from the execution of elected contra-side CAP-DI orders, will not be considered in determining when, and to what extent, price discretion is necessary to accomplish a trade.

(ii) Discretionary e-Quotes will automatically execute against a contra-side order that enters the Display Book® system if the order's price is within the discretionary price range and the order's size meets any minimum or maximum size requirements that have been set for the d-Quote.

(iii) Discretionary e-Quotes from different Floor brokers on the same side of the market with the same price instructions trade on parity after interest entitled to priority is executed.

(iv) Same-side d-Quotes from different Floor brokers compete for an execution, with the most aggressive price range (e.g. three cents vs. two cents) establishing the execution price. If an incoming order remains unfilled at that price, executions within the less aggressive price range may then occur.

(v) Discretionary e-Quotes compete with same-side specialist algorithmic trading messages targeting incoming orders. If the price of d-Quotes and specialist trading messages are the same, the d-Quotes and the specialist messages will trade on parity.

(vi) Discretionary e-Quotes from Floor brokers on opposite sides of the market will be able to trade with each other. The d-Quote that arrived at the Display Book® system last will use the most discretion necessary to effect a trade, except as provided below.

(A) When a protected bid or offer, as defined in Section 242.600(b)(57) of Regulation NMS ('Reg. NMS'), is published by another market center at a price that is better than the price at which contra-side d-Quotes would trade in accordance with (vi) above, the following applies:

(1) the amount of discretion necessary to permit a trade on the Exchange consistent with the Order Protection Rule (Section 242.611 of Reg. NMS) ('OPR') will be used; or

(2) such portion of the appropriate d-Quote as is necessary will be automatically routed in accordance with OPR in order to permit a trade to occur on the Exchange.

(vii) As with all executions on the Exchange, executions involving d-Quotes will comply with OPR.

(viii) Discretionary e-Quotes may provide price improvement to and trade with an incoming contra-side specialist algorithmic trading message to 'hit bid/take offer,' just as they can with any other marketable incoming interest.

(ix) Discretionary e-Quotes may initiate sweeps in accordance with and to the extent provided by Exchange Rules 1000 – NYSE Alternext Equities-1004 – NYSE Alternext Equities, but only to the extent of their price and volume discretion. Discretionary e-Quotes may participate in sweeps initiated by other orders but, in such cases, their discretionary instructions are not active.

(A) d-Quotes will not trade at a price that would trigger a liquidity replenishment point ('LRP') as defined in Exchange Rule 1000 – NYSE Alternext Equities. Accordingly, a sweep involving a d-Quote will always stop at least one cent before an LRP price.

.26 Pegging for d-Quotes and e-Quotes.

(i) An e-Quote, other than a tick-sensitive e-Quote, may be set to provide that it will be available for execution at the Exchange best bid (for an e-Quote that represents a buy order) or at the Exchange best offer (for an e-Quote that represents a sell order) as the Exchange best bid or offer changes, so long as the Exchange best bid or offer is at or within the e-Quote's limit price.

(ii) A d-Quote may also employ pegging.

(iii) Pegging is only active when auto-quoting is active.

(iv) Pegging e-Quotes and d-Quotes trade on parity with other interest at the Exchange best bid or offer after interest entitled to priority is executed.

(v) Pegging is reactive. An e-Quote or d-Quote will not establish the Exchange best bid or best offer as a result of pegging.

(vi) Price priority cannot be established by pegging, although existence of pegging instructions does not preclude an e-Quote or d-Quote from having priority.

(vii) Pegging e-Quotes and d-Quotes peg only to other non-pegging interest within the pegging range selected by the Floor broker.

(viii) An e-Quote or d-Quote will not sustain the Exchange best bid or best offer as a result of pegging if there is no other non-pegged interest at that price and such price is not the e-Quote's or d-Quote's limit price.

(A) If the lowest quotable price established by the Floor broker for a pegging e-Quote or d-Quote to buy is the Exchange best bid and all other interest at that price cancels or is executed, the pegging e-Quote or d-Quote will remain displayed at that best bid price.

(B) If the highest quotable price established by the Floor broker for a pegging e-Quote or d-Quote to sell is the Exchange best offer and all other interest at that price cancels or is executed, the pegging e-Quote or d-Quote will remain displayed at that best offer price.

(ix) A Floor broker may establish a price range for an e-Quote or d-Quote, beyond which the pegging function will not be available ('quote,' 'ceiling' and 'floor' prices).

(A) The 'quote price' is the lowest price to which a buy e-Quote or d-Quote may peg or the highest price to which a sell e-Quote or d-Quote may peg.

(B) The 'ceiling price' is the highest price to which a buy-side e-Quote or d-Quote may peg.

(C) The 'floor price' is the lowest price to which a sell-side e-Quote or d-Quote may peg.

(D) A quote, ceiling and floor price may be at a price other than the limit price of the order that is being e-Quoted or d-Quoted, but may not be inconsistent with the order's limit.

(x) As long as the Exchange best bid is at or within the pegging price range selected by the Floor broker with respect to a buy-side e-Quote or d-Quote, or the Exchange best offer is within the price range selected by the Floor broker with respect to a sell-side e-Quote or d-Quote, the pegging e-Quote or d-Quote will join such best bid or best offer as it is auto quoted.

(xi) If the Floor broker does not designate a pegging range, but has instructed that his or her e-Quote or d-Quote shall peg, the e-Quote or d-Quote will peg to the Exchange best bid (offer) as long as such bid (offer) is within the limit of the order that is being e-Quoted or d-Quoted.

(xii) As an e-Quote or d-Quote pegs, its discretionary price range, if any, moves along with it, subject to any floor or ceiling price set by the Floor broker.

(A) If the Exchange best bid is higher than the ceiling price of a pegging buy-side e-Quote or d-Quote, the e-Quote or d-Quote will remain at its quote price or the highest price at which there is other interest within its pegging price range, whichever is higher (consistent with the limit price of the order underlying the e-Quote or d-Quote).

(B) If the Exchange best offer is lower than the floor price of a pegging sell-side e-Quote or d-Quote, the e-Quote or d-Quote will remain at its quote price or the lowest price at which there is other interest within its pegging price range, whichever is lower (consistent with the limit price of the order underlying the e-Quote or d-Quote).

(C) If the Exchange best bid or best offer returns to a price within the pegging price range selected by the Floor broker, the e-Quote or d-Quote will once again peg to the Exchange best bid or best offer.

(xiii) A Floor broker may establish a minimum and/or maximum size of same-side volume to which his or her e-Quote or d-Quote will peg. Other pegging e-Quote or d-Quote volume will not be considered in determining whether the volume parameters set by the Floor broker have been met.

.30 Definition of Crowd.

The rooms on the Exchange Floor that contain active posts/panels where Floor brokers are able to conduct business constitute the Crowd. A Floor broker will be considered to be in the Crowd if he or she is physically present in one of these rooms.

.40 Operation of an NYSE Approved Booth Premise

(1) A member organization will be permitted to operate within its booth premise on the Floor as described in subparagraph (2) below provided that the member organization has obtained prior approval from NYSE Regulation, Inc. ('NYSER') to operate its booth premise in said manner.

(2) A member organization approved to operate its booth premise pursuant to this rule is permitted, subject to the provisions of subparagraph (3) below, to conduct the same business-related activities for its customer accounts from its booth premise as it is permitted to conduct from its off-Floor or 'upstairs' location, including initiating orders and routing orders to Exchange systems and other markets.

(3) Member organizations approved to operate booth premises pursuant to this rule are prohibited from effecting any transaction from its approved booth premises for its own account, the account of an associated person or an account with respect to which it or an associated person thereof exercises investment discretion on the Exchange.

(4) A member organization approved to operate its booth premise pursuant to this rule is subject to the same regulatory requirements governing the conduct of the member organization's off-Floor or 'upstairs' office, including but not limited to relevant employee registration and qualification requirements pursuant to Exchange Rule 345 – NYSE Alternext Equities and supervisory responsibilities pursuant to Exchange Rule 342 – NYSE Alternext Equities.

(5) Orders originated in or routed through facilities located at such approved booth premises must comply with the relevant order entry requirements of Exchange Rules including Exchange Rules 123 – NYSE Alternext Equities and 132B – NYSE Alternext Equities.

(6) A member organization approved to operate its booth premise pursuant to this rule must adopt and implement comprehensive written procedures and guidelines governing the conduct and supervision of business handled in such booth and staff working in such booth. Further, the member organization must establish a process for regular review of such written procedures and guidelines and compliance therewith.

(7) The written procedures and guidelines, and any changes thereto, referred to in (6) above must be approved by NYSE before implementation.

* * * * *

Precedence of Highest Bid and Lowest Offer

Rule 71 – NYSE Alternext Equities. The highest bid and the lowest offer shall have precedence in all cases.

* * * * *

Priority and Precedence of Bids and Offers

Rule 72 – NYSE Alternext Equities. I. Bids.—Where bids are made at the same price, the priority and precedence shall be determined as follows:

Priority of first bid

(a) Except as provided in paragraph (b) below, when a bid is clearly established as the first made at a particular price, the maker shall be entitled to priority and shall have precedence on the next sale at that price, up to the number of shares of stock specified in the bid, irrespective of the number of shares of stock specified in such bid.

Priority of Agency Cross Transactions

(b) When a member has an order to buy and an order to sell an equivalent amount of the same security, and both orders are of 25,000 shares or more and are for the accounts of persons who are not members or member organizations, the member may 'cross' those orders at a price at or within

the prevailing quotation. The member's bid or offer shall be entitled to priority at such cross price, irrespective of pre-existing bids or offers at that price. The member shall follow the crossing procedures of Rule 76 – NYSE Alternext Equities, and another member may trade with either the bid or offer side of the cross transaction only to provide a price which is better than the cross price as to all or part of such bid or offer. A member who is providing a better price to one side of the cross transaction must trade with all other market interest having priority at that price before trading with any part of the cross transaction. Following a transaction at the improved price, the member with the agency cross transaction shall follow the crossing procedures of Rule 76 – NYSE Alternext Equities and complete the balance of the cross. No member may break up the proposed cross transaction, in whole or in part, at the cross price. No specialist may effect a proprietary transaction to provide price improvement to one side or the other of a cross transaction effected pursuant to this paragraph. A transaction effected at the cross price in reliance on this paragraph shall be printed as 'stopped stock'.

When a member effects a transaction under the provisions of this paragraph, the member shall, as soon as practicable after the trade is completed, complete such documentation of the trade as the Exchange may from time to time require.

Example 1

Assume the market in XYZ is quoted 20 to 20.01, 40,000 shares by 30,000 shares. A member intending to effect a 25,000 share 'agency cross' transaction at a price of 20 must bid 20 for 25,000 shares and offer 25,000 shares at 20.01. The member's bid at 20 has priority, and the proposed cross could not be broken up at that price. The proposed cross could however, be broken up at 20.01, as this would provide a better price to the seller. However, a member intending to trade with the offer side of the cross would first have to take the entire 30,000 share offer at 20.01 which was entitled to priority, before trading with any part of the offer side of the cross.

Example 2

Assume the market in XYZ is quoted 20 to 20.35, 20,000 shares by 20,000 shares. A member intending to effect a 25,000 share 'agency cross' transaction at a price of 20.05 must follow the crossing procedures of Rule 76 – NYSE Alternext Equities and bid 20.05 for 25,000 shares and offer 25,000 shares at 20.06. The member's bid at 20.05 has priority, and the proposed cross could not be broken up at this price. The proposed cross could, however, be broken up, in whole or in part, at 20.06, as this would provide a better price to the seller.

Precedence of bids equaling or exceeding amount offered

(c) When no bid is entitled to priority under paragraph (a) hereof, (or when a bid entitled to priority or precedence has been filled and a balance of the offer remains unfilled), all bids for a number of shares of stock equaling or exceeding the number of shares of stock in the offer or balance, shall be on parity and entitled to precedence over bids for less than the number of shares of stock in such offer or balance, subject to the condition that, with respect to bids made as part of the auction market if it is possible to determine clearly the order of time in which the bids so entitled to precedence were made, such bids shall be filled in that order except that no bids in Floor broker agency interest files or specialist interest files shall be entitled to precedence.

Precedence of bids for amounts less than amount offered

(d) When no bid is entitled to priority under paragraph (a) hereof (or when a bid entitled to priority or precedence has been filled and a balance of the offer remains unfilled) and no bid has been made for a number of shares of stock equaling or exceeding the number of shares of stock in the offer or balance, the bid for the largest number of shares of stock shall have precedence, subject to the condition that, with respect to bids made as part of the auction market if two or more such bids for the same number of shares of stock have been made, and it is possible to determine clearly the order of time in which they were made, such bids shall be filled in that order except that no bids in Floor broker agency interest files or specialist interest files shall be entitled to precedence.

Simultaneous bids

(e) When bids are made simultaneously, or when it is impossible to determine clearly the order of time in which they were made, with respect to bids made as part of the auction market, all such bids shall be on parity subject only to precedence based on the size of the bid under the provisions of paragraphs (c) and (d) hereof, except that no bids in Floor broker agency interest files or specialist interest files shall be entitled to precedence.

Sale or cancellation removes bids from Floor

(f) A sale or the cancellation of an entire bid or offer entitled to priority shall remove all bids and offers from the Floor except that if the number of shares of stock offered exceeds the number of shares specified in the bid having priority or precedence, a sale of the unfilled balance to other bidders shall be governed by the provisions of these Rules as though no sales had been made to the bidders having priority or precedence.

Subsequent bids

(g) After bids have been removed from the Floor under the provisions of paragraph (f) hereof, priority and precedence shall be determined, in accordance with these Rules, by subsequent bids.

Bids in called securities

(h) Notwithstanding the provisions of this Rule and of sub-section (c) of Rule 85 – NYSE Alternext Equities, the Exchange may, when all or any part of an issue of securities is called for redemption, require that all bids at the same price in the called securities shall be on a parity and that no bidder shall be entitled to more than the amount of his bid.

Transfer of priority, parity and precedence

(i) A bid may be transferred from one member to another and, as long as that bid is continued for the same account, it shall retain the same priority, parity and precedence it had at the time it was transferred.

Priority and Parity of Residual

(j)(i) When a liquidity replenishment point (LRP), as defined in Exchange Rule 1000(a)(iv) – NYSE Alternext Equities, has been reached, any residual remaining after a sweep, as described in Rule 1000(d) – NYSE Alternext Equities that trades at the bid (offer) price or the LRP is entitled to priority for one trade at that price. Any residual remaining that trades at a price other than the bid (offer) price or the LRP, shall be on parity with other interest at such other price.

II. *Offers.*—Where offers are at the same price the priority, parity and precedence shall be determined in the same manner as specified in the case of bids. An offer may be transferred from one member to another and, as long as that offer is continued for the same account, it shall retain the same priority, parity and precedence it had at the time it was transferred.

III. *Sale or Cancellation of a Bid or Offer Entitled to Priority ‘Clears the Floor’.*—Following a sale or the cancellation of a bid or offer that had been entitled to priority pursuant to this rule, all bids and offers previously entered are deemed to be re-entered and are on parity with each other. For example, assume that the market in XYZ is 0.20 bid for 5000 shares, with 5000 shares offered at 0.25. On the bid side of the market, Broker A is bidding for 1000 shares and has priority. Brokers B, C, D, and E are each bidding for 1000 shares, with B being ahead of C, C being ahead of D, and D being ahead of E. On the offer side of the market, Broker F is offering 1000 shares and has priority. Brokers G, H, I, and J are each offering 1000 shares, with G being ahead of H, H being ahead of I, and I being ahead of J. Broker K enters the Crowd and sells 1000 shares to Broker A’s bid of 0.20. The market then becomes 0.20 bid for 4000 shares, with 5000 offered at 0.25. Brokers B, C, D, and E are now on parity on the bid side of the market, and Brokers F, G, H, I, and J are now on parity on the offer side of the market.

••• *Supplementary Material:*

.10 *Precedence of bids and offers.*—The following examples explain the operations of Rule 72 – NYSE Alternext Equities in connection with auction market transactions.

(Note: For the purpose of these examples, it is assumed that all bids and offers are at the same prices; where an item is marked* it is assumed the bidder or offerer has clearly established priority pursuant to paragraph I(a) of Rule 72 – NYSE Alternext Equities)

I.

<u><i>Bids</i></u>	<u><i>Offers</i></u>
<u>A—100 *</u>	<u>D—200</u>
<u>B—100</u>	
<u>C—100</u>	

B was definitely ahead of C. A gets 100 under paragraph I(a) and B gets 100 under paragraph I(c).

II.

<u>Bids</u>	<u>Offers</u>
<u>A—100</u> *	<u>F—1000</u>
<u>B—200</u>	
<u>C—400</u>	
<u>D—300</u>	
<u>E—500</u>	

A receives 100 under paragraph I(a); E receives 500 under paragraph I(d); and C receives 400 under paragraph I(c).

III.

<u>Bids</u>	<u>Offers</u>
<u>F—1200</u>	<u>A—100</u> *
	<u>B—200</u>
	<u>C—400</u>
	<u>D—300</u>
	<u>E—500</u>

A sells 100 under paragraph I(a); E sells 500 under paragraph I(d); C sells 400 under paragraph I(d); B and D match for 200 under paragraph I(c), unless one of them can establish clearly that he made his offer before the other.

IV.

<u>Bids</u>	<u>Offers</u>
<u>A—500</u>	<u>F—700</u>
<u>B—400</u>	
<u>C—300</u>	
<u>D—200</u>	
<u>E—100</u>	

Bids were made simultaneously and under paragraph I(e) are on a parity. A receives 500 under paragraph I(d), and B, C and D match for 200 under paragraph I(c).

V.

Bids

E—900

Offers

A—1100

B—1000

C—900

D—500

Offers were made simultaneously and under paragraph I(e) are on a parity. A, B and C match for 900 under paragraph I(e).

VI.

Bids

A—100

B—400} Bid

C—400} simultaneously

D—300

E—200

Offers

F—700

A receives 100 under paragraph I(a). Under paragraph I(e), B and C are on a parity and under paragraph I(d) have precedence because of largest number of shares. B and C match for 400 and the remaining 200 goes to the one who lost the match.

VII.

Bids

E—600

Offers

A—400

B—400 Offered

C—400 simultaneously

D—200

Under paragraph I(e), A, B and C are on parity and under paragraph I(d) have precedence as to amount over D. A, B and C match for 400. Losers of first match should match for balance of 200 shares.

.20 Splitting.—When two or more bids on a parity have an opportunity to ‘match’ for a lot of stock, the members making such bids may, by agreement, ‘split’ the lot among themselves unless any other member in the Crowd objects. The same principles apply to offers.

For example: A bids for 200, B for 200, C for 100. A and B are on a parity. D offers 200. A and B may agree to ‘split’ the amount offered and take 100 shares each, unless C objects, in which event A and B must ‘match’ for 200 shares.

* * * * *

‘Seller’s Option’

Rule 73 – NYSE Alternext Equities. On offers to buy ‘seller’s option’ at the same price, the longest option shall have precedence; on offers to sell ‘seller’s option’ at the same price, the shortest option shall have precedence.

* * * * *

Publicity of Bids and Offers

Rule 74 – NYSE Alternext Equities. A claim by a member who states that he had on the Floor a prior or better bid or offer shall not be sustained if the bid or offer was not made with the publicity and frequency necessary to make the existence of such bid or offer generally known at the time of the transaction.

* * * * *

Disputes as to Bids and Offers

Rule 75 – NYSE Alternext Equities. Disputes arising on bids or offers, if not settled by agreement between the members interested, shall be settled by a Floor Official. In rendering a decision as to disputes regarding the amount traded, the Floor Official shall give primary weight to statements by any member who was not a party to the transaction and shall also take into account the size of orders held by parties to the disputed transaction, and such other facts as he deems relevant. If both parties to a dispute agree, and the dispute involves either a monetary difference of \$10,000 or more or a questioned trade, the matter may be referred for resolution to a panel of three Floor Governors, Senior Floor Officials, or Executive Floor Officials, or any combination thereof, whose decision shall be binding on the parties. As an alternative to a panel of three Floor Governors, Senior Floor Officials, or Executive Floor Officials, or any combination thereof,

members may also proceed to resolve a dispute through long-standing arbitration procedures established under the Exchange's Rules.

••• Supplementary Material:

.10 Discrepancies as to amount.—When there is no dispute regarding a transaction except as to the amount traded and neither party can produce a witness, the transaction must be considered to have been for the smaller amount; provided, however, that if the member claiming the smaller amount held, at the time of the transaction in dispute, an order or orders totalling the larger amount, the Floor Official, in reaching his decision, shall take into consideration that fact and all other facts which he deems relevant.

* * * * *

'Crossing' Orders

Rule 76 – NYSE Alternext Equities. When a member has an order to buy and an order to sell the same security, he or she shall offer such security at a price which is higher than his or her bid by the minimum variation permitted in such security before making a transaction with himself or herself. All such bids and offers shall be clearly announced to the trading Crowd before the member may proceed with the proposed 'cross' transaction.

The provisions of this rule apply only to manual transactions. This rule does not apply to automatic executions, including executions through NYSE Direct+®.

* * * * *

Prohibited Dealings and Activities

Rule 77 – NYSE Alternext Equities. No member shall offer publicly on the Floor:

- (1) To buy or sell securities 'on stop' above or below the market;
- (2) to buy or sell securities 'at the close';
- (3) to buy or sell dividends;
- (4) to bet upon the course of the market; or
- (5) to buy or sell privileges to receive or deliver securities.

* * * * *

Sell and Buy Orders Coupled at Same Price

Rule 78 – NYSE Alternext Equities. An offer to sell coupled with an offer to buy back at the same or at an advanced price, or the reverse, is a prearranged trade and is prohibited. This rule applies both to transactions in the unit of trading and in lesser and greater amounts.

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Rule 79 – NYSE Alternext Equities. Reserved.

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Miscellaneous Requirements on Stock Market Procedures

••• Supplementary Material:

Rule 79A – NYSE Alternext Equities. .10 Request to make better bid or offer.—When any Floor broker does not bid or offer at the limit of an order which is better than the currently quoted price in the security and is requested by his principal to bid or offer at such limit, he shall do so.

.15 With respect to limit orders received by specialists, each specialist shall publish immediately (i.e., as soon as practicable, which under normal market conditions means no later than 30 seconds from time of receipt) a bid or offer that reflects:

(i) the price and full size of each customer limit order that is at a price that would improve the specialist’s bid or offer in such security; and

(ii) the full size of each limit order that

(A) is priced equal to the specialist’s bid or offer for such security;

(B) is priced equal to the national best bid or offer; and

(C) represents more than a de minimis change (i.e., more than 10 percent) in relation to the size associated with the Exchange’s bid or offer.

Limit orders received by the specialist that improve the Exchange then-current bid or offer or change the size of the Exchange bid or offer, other than de minimis increases or decreases, shall be autoquoted in accordance with Exchange Rule 60(e) – NYSE Alternext Equities. The opening trade or opening quotation in each security activates the autoquote facility and thereafter, each specialist shall keep active at all times the autoquote facility provided by the Exchange, except that a specialist may cause the deactivation of the autoquote facility by gapping the quote in accordance with the policies and procedures of the Exchange. Autoquoting will also be automatically suspended when a block-size transaction as defined in

Rule 127 – NYSE Alternext Equities that involves orders on the Display Book® is being reported manually or a liquidity replenishment point, as defined in Exchange Rule 1000(a)(iv) – NYSE Alternext Equities, is reached.

The requirements with respect to specialists' display of limit orders shall not apply to any customer limit order that is:

(1) executed upon receipt of the order;

(2) placed by a customer who expressly requests, either at the time the order is placed or prior thereto pursuant to an individually negotiated agreement with respect to such customer's orders, that the order not be displayed;

(3) an odd-lot order;

(4) delivered immediately upon receipt to an exchange or association-sponsored system or an electronic communications network that complies with the requirements of Securities and Exchange Commission under Section 242.602(b)(5)(ii) of Regulation NMS with respect to that order;

(5) delivered immediately upon receipt to another exchange member or over-the-counter market maker that complies with the requirements of Section 242.604 of Regulation NMS under the Securities Exchange Act with respect to that order;

(6) Reserved;

(7) a limit order to buy at a price significantly above the current offer or a limit order to sell at a price significantly below the current bid that is handled in compliance with Exchange procedures regarding such orders ('too marketable limit orders'), or

(8) an order that is handled in compliance with Exchange procedures regarding block crosses at significant premiums or discounts from the last sale.

.20 Bids and offers on tape.—A request to have a bid or offer published on the tape must be recorded by the Supervisor at the Post on the form provided for this purpose. Each such request must be made on a separate slip. A reasonable interval must elapse between the publishing of successive bids or offers in the same security.

.30 (a) Except as relates to specialist dealer trades in such inactively traded securities as the Exchange shall from time to time identify, all transactions in stocks by the specialist as dealer (when the market is slow) or transactions in which specialist as dealer is reaching across the market (when the market is fast) which are made (i) at \$1.00 or more away from the last sale when such last sale is under \$20 per share or (ii) at \$2.00 or more away from the last sale when such last sale is at \$20 per share or over, require the prior approval of a Floor Official. For purposes of the rule, the Exchange will be considered to be a 'slow' market when displaying a bid or offer (or both) that is not entitled to protection under Rule 611 of Regulation NMS. Specialist dealer transactions in slow markets shall include but are not limited to (i) the opening and reopening of trading in a stock, (ii) the resumption of trading in the stock after a gapped quotation has been published, (iii) when

trading in a security has triggered a Liquidity Replenishment Point or (iv) when the specialist is arranging the closing transaction in a stock.

(b) In unusual market conditions, however, except with respect to inactively traded securities, a Floor Governor, Senior Floor Official, or Executive Floor Official may determine that a different price parameter other than that required in paragraph (a) of this rule is appropriate for a particular security when the last sale is at \$100 per share or over. In such case, any such determination by a Floor Governor, Senior Floor Official, or Executive Floor Official shall be for that trading session only, unless he or she, or in his or her absence, another Floor Governor, Senior Floor Official, or Executive Floor Official re-confirms that determination, on a day-to-day basis, for subsequent trading sessions. Any such determination by a Floor Governor, Senior Floor Official, or Executive Floor Official shall be reported to the Market Surveillance Division on such form as the Exchange may from time to time prescribe. When a different price parameter is determined by a Floor Governor, Senior Floor Official or Executive Floor Official, such price parameter shall be referenced for purposes of applying paragraph (a) instead of the price parameters stated therein.

(c) When such a transaction is an opening sale it will be accompanied when published on tape by the symbol 'OPD' meaning 'opened.'

(d) The term '\$1.00 or more' or the term '\$2.00 or more' as used herein is the net difference between the price of the current sale and the price of the last previous sale after taking into consideration a dividend or other distribution when the stock sells 'ex-dividend' or 'ex-distribution.' For instance, if the opening sale in such stock is at \$48.00 'ex-dividend' \$.50 and the last sale was at \$50.00, the net difference would be regarded as \$1.50 and approval for publication would not be required. If the opening transaction is at \$20.50 'ex-dividend' \$.25 and the last sale was at \$19.75, the net difference would be regarded as \$1.00 and in this case approval for publication would be required.

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Rule 80 – NYSE Alternext Equities – 80A – NYSE Alternext Equities. Reserved.

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Trading Halts Due to Extraordinary Market Volatility

Rule 80B – NYSE Alternext Equities. (a) Trading in stocks shall halt on the Exchange and shall not reopen for the time periods described in this paragraph (a) if the Dow Jones Industrial Average^{SM*} reaches Level 1 below its closing value on the previous trading day:

* 'Dow Jones Industrial Average' is a service mark of Dow Jones & Company, Inc.

- (i) before 2:00 p.m. Eastern time, for one hour;
- (ii) at or after 2:00 p.m. but before 2:30 p.m. Eastern time, for 30 minutes.

If the Dow Jones Industrial Average reaches Level 1 below its closing value on the previous trading day at or after 2:30 p.m. Eastern time, trading shall continue on the Exchange until the close, unless the Dow Jones Industrial Average reaches Level 2 below its closing value on the previous trading day, at which time trading shall be halted for the remainder of the day.

(b) Trading in stocks shall halt on the Exchange and shall not reopen for the time periods described in this paragraph (b) if the Dow Jones Industrial Average reaches Level 2 below its closing value on the previous trading day:

- (i) before 1:00 p.m. Eastern time, for two hours;
- (ii) at or after 1:00 p.m. but before 2:00 p.m. Eastern time, for one hour;
- (iii) at or after 2:00 p.m. Eastern time, for the remainder of the day.

(c) If the Dow Jones Industrial Average reaches Level 3 below its closing value on the previous trading day, trading in stocks shall halt on the Exchange and shall not reopen for the remainder of the day.

••• Supplementary Material:

.10 Levels 1, 2 and 3 shall be calculated at the beginning of each calendar quarter, using the average closing value of the Dow Jones Industrial Average for the month prior to the beginning of the quarter: Level 1 shall be 10% of such average closing value calculation: Level 2 shall be 20% of such average closing value calculation: Level 3 shall be 30% of such average closing value calculation. Each Level shall be rounded to the nearest fifty points. The values of Levels 1, 2 and 3 shall remain in effect until the next calculation.

.20 Price indications will be disseminated during any trading halt pursuant to this Rule 80B – NYSE Alternext Equities, for stocks which comprise the Dow Jones Industrial Average, except when trading is halted for the remainder of the day.

.30 The restrictions in this Rule 80B – NYSE Alternext Equities shall apply whenever the Dow Jones Industrial Average reaches the trigger values notwithstanding the fact that, at any given time, the calculation of the value of the average may be based on the prices of less than all of the stocks included in the average.

.40 The reopening of trading following a trading halt under this Rule 80B – NYSE Alternext Equities shall be conducted pursuant to procedures adopted by the Exchange and communicated by notice to its members and member organizations.

.50 Nothing in this Rule 80B – NYSE Alternext Equities should be construed to limit the ability of the Exchange to otherwise halt or suspend the trading in any stock or stocks traded on the Exchange pursuant to any other Exchange rule or policy.

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Rule 81 – NYSE Alternext Equities - 89 – NYSE Alternext Equities. Reserved.

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Members Dealing for Their Own Accounts (Rules 90 – NYSE Alternext Equities—98A – NYSE Alternext Equities)

Dealings by Members on the Exchange

Rule 90 – NYSE Alternext Equities. (a) No member or member organization shall effect any transaction in any security on the Exchange for his or its account, the account of an associated person, or an account with respect to which the member, member organization or an associated person thereof exercises investment discretion. For the purposes of this Rule, the term ‘associated person’ has the meaning set forth in Section 3(a)(21) of the Securities Exchange Act of 1934 (the Act).

(b) The provisions of paragraph (a) of this Rule shall not apply to transactions effected pursuant to the exemptions contained in Section 11(a)(1)(A) through (H) of the Act, or a rule adopted thereunder.

(c) No bid or offer made by a member on an order for the account of a member or member organization subject to Section 11(a)(1)(G) of the Act and Rule 11a1-1(T) thereunder shall be entitled to priority over, parity with or precedence based on size over any order which is for the account of a person who is not a member, member organization or an associated person thereof.

(d) Immediately before executing an order pursuant to Section 11(a)(1)(G) of the Act and Rule 11a1-1(T) thereunder, a member (other than the specialist in such security) shall clearly announce or otherwise indicate to the specialist and to other members then present in the trading crowd in such security that he is representing an order to be executed pursuant to these provisions.

* * * * *

Taking or Supplying Securities Named in Order

Rule 91 – NYSE Alternext Equities. No member, whether acting as a specialist or otherwise, who has accepted for execution, personally or through his member organization, an order for the purchase of securities shall fill such order by selling such securities for any account in which he, his member organization or any other member or allied member therein has a direct or indirect interest or for any account in which an approved person in such organization or officer thereof is directly or indirectly interested when the member knows or should have known that the

sale is for such an account or having so accepted an order for the sale of securities shall fill such order by buying such securities for such an account, except as follows:

Missing the market

(a) A member who neglects to execute an order may be compelled to take or supply for his own account or that of his member organization the securities named in the order;

'Crossing' for own account

(b) A member may take the securities named in the order provided (1) he shall have offered the same in the open market at a price which is higher than his bid by the minimum variation permitted in such securities, and (2) the price is justified by the condition of the market, and (3) the member who gave the order shall directly, or through a broker authorized to act for him, after prompt notification, accept the trade;

(c) A member may supply the securities named in the order provided (1) he shall have bid for the same in the open market at a price which is lower than his offer by the minimum variation permitted in such securities, and (2) the price is justified by the condition of the market, and (3) the member who gave the order shall directly or through a broker authorized to act for him, after prompt notification, accept the trade;

'On order'

(d) A member acting as a broker is permitted to report to his principal a transaction as made with himself when he has orders from two principals to buy and to sell the same security and not to give up, such orders being executed in accordance with Rule 76 – NYSE Alternext Equities, in which case he must add to his name on the report the words 'on order.'

••• Supplementary Material:

.10 Confirmation of transactions.—When a member or member organization is notified to send a member to a specialist's post for the purpose of confirming a transaction with another member who has elected to take or supply for his own account the securities named in an order entrusted to him, the member or member organization so notified or a member representing the notified party must respond as soon as practicable under the prevailing circumstances following notification to the member or member organization of the report of execution of the transaction. The transaction must then be either confirmed or rejected with a member and not with a clerk. Transactions which are not then confirmed or rejected in accordance with the procedures above are deemed to have been accepted. If the specialist took or supplied the securities, the member so notified must initial the memorandum record of the specialist which shows the details of the trade and return it to the specialist. The specialist must keep such memoranda records for a period of three years.

Any disagreement as to whether a member or member organization has taken timely action pursuant to this paragraph shall be resolved in accordance with the principles of Rule 75 – NYSE Alternext Equities.

.20 Principal transactions against orders in specialists' possession.—A specialist occasionally may effect a transaction as principal against an order which had been entered for an account carried by the specialist's organization or serviced by someone at his organization. In such cases, all specialists must follow a uniform procedure. The customer for whom the order had been entered must be contacted promptly. The fact that the stock has been taken or supplied as principal against his order must be explained to him so that he may then accept or reject the transaction.

.30 Orders Stored in the Opening Automated Report Service.—In the case where a specialist takes or supplies, for an account in which he has an interest, the securities named in an order stored in the Opening Automated Report Service, the provisions above regarding confirmation of the transaction shall not apply.

.40 Electronic Order Routing and Reporting.—In the case where a specialist takes or supplies, for an account in which he has an interest, the securities named in an order which is received by the specialist via any Exchange electronic order routing system, paragraphs (b)(3) and (c)(3) and paragraph .10 above shall not apply. A member representing the member organization which transmitted the order via the Exchange's order routing systems, may reject any such trade by notifying the specialist in writing promptly after the member organization has received a report on the transaction. Any transaction not rejected in this manner shall be deemed accepted.

.50 Rejection of specialist's principal transactions.—If there is a continued pattern of rejections of a specialist's principal transactions, a Floor Official may be called upon and require the broker to review his or her actions. It should be noted, however, that if a customer gives instructions to his or her broker to reject trades with the specialist's name on the other side, this would be a conditional order and should not be entrusted to the specialist for execution.

The foregoing does not compromise the unconditional right of a broker to reject any trade where the specialist trades as principal. In addition, no disciplinary process would be triggered against the broker for exercising his right to reject the trade.

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Limitations on Members' Trading Because of Customers' Orders

Rule 92 – NYSE Alternext Equities. (a) Except as provided in this Rule, no member or member organization shall cause the entry of an order to buy (sell) any Exchange-listed security for any account in which such member or member organization or any approved person thereof is directly or indirectly interested (a 'proprietary order'), if the person responsible for the entry of such order has knowledge of any particular unexecuted customer's order to buy (sell) such security that could be executed at the same price.

(b) A member or member organization may enter a proprietary order while representing a customer order that could be executed at the same price, provided that the customer's order is designated not held and is for (i) an institutional account, or (ii) over 10,000 shares, unless such orders are less than \$100,000 in value, and the member organization periodically provides written

disclosures to its customers and obtains and documents affirmative customer consent, under the following conditions:

(1) the member or member organization is liquidating a position held in a proprietary facilitation account;

(2) the member or member organization is creating a bona fide hedge ('hedge') and (i) the creation of the hedge, whether through one or more transactions, occurs so close in time to the completion of the transaction precipitating such hedge that the hedge is clearly related; (ii) the size of the hedge is commensurate with the risk it offsets; and (iii) the risk to be offset is the result of a position acquired in the course of facilitating a customer's order;

(3) the member or member organization is modifying an existing hedge and (i) the size of the hedge, as modified, remains commensurate with the risk it offsets and (ii) the hedge was created to offset a position acquired in the course of facilitating a customer's order; or

(4) the member or member organization is engaging in bona fide arbitrage or risk arbitrage transactions, and recording such transactions in an account used solely to record arbitrage transactions (an 'arbitrage account').

(c) The obligations under this rule shall not apply if a member or member organization is entering a proprietary order for the purpose of facilitating the execution, on a riskless principal basis, of one or more orders (the 'facilitated order'), provided that the following requirements are satisfied:

(1) The facilitated order must be a 'riskless principal transaction,' which is when a member or member organization, after having received an order to buy a security, purchases the security as principal at the same price to satisfy the order to buy or, after having received an order to sell, sells the security as principal at the same price to satisfy the order to sell;

(2) A member that relies on this exclusion to the rule must give the facilitated order the same per-share price at which the member purchased or sold shares to satisfy the facilitated order, exclusive of any markup or markdown, commission equivalent, or other fee;

(3) A member must submit a report of execution of the facilitated order to a designated Exchange database as required by Rule 123(f) – NYSE Alternext Equities. The member must also submit to the same database, within such time frame and in such format as the Exchange may from time to time require, an electronic report containing data elements sufficient to provide an electronic link of the execution of the facilitated order to all of the underlying orders;

(4) In allocating the facilitated order, if the facilitated order includes a member or member organization's proprietary order, as defined under Rule 92(b) – NYSE Alternext Equities, such proprietary order must yield to customer orders if such customer orders include any orders that either have not or cannot consent to the member or member organization executing a proprietary order at the same price as the customer's order. Once any customer orders that have not consented to trade along under Rule 92(b) – NYSE Alternext Equities have been filled, such proprietary order can trade along with any remaining customer orders that have consented pursuant to Rule 92(b) –

NYSE Alternext Equities, subject to any allocation procedures disclosed to such consenting customers pursuant to Rule 92(b) – NYSE Alternext Equities.

(5) Members and member organizations must have written policies and procedures to assure that riskless principal transactions relied upon for this exception comply with applicable Exchange rules. At a minimum, these policies and procedures must require that the customer order was received before entry of the offsetting transactions, and that the offsetting transactions are allocated to a customer account in a consistent manner and within 60 seconds of execution. In addition, member organizations must have a methodology for allocating customer orders represented in the facilitated order and shall disclose such method to customers in the manner that the Exchange may from time to time require. Members and member organizations must have supervisory systems in place that produce records sufficient to reconstruct in a time-sequenced manner, all orders with respect to which a member or member organization is claiming this exception.

(d) The provisions of this Rule shall not apply to:

(1) any purchase or sale of any security in an amount of less than the unit of trading made by an odd-lot dealer to offset odd-lot orders for customers;

(2) any purchase or sale of any security upon terms for delivery other than those specified in such unexecuted market or limited price order;

(3) transactions by a member or member organization acting in the capacity of a specialist or market maker in a security listed on the Exchange otherwise than on the Exchange;

(4) transactions made to correct bona fide errors; and

(5) intermarket sweep orders sent as principal in compliance with Rules 600(b)(30)(ii) and 611(b)(6) of Regulation NMS ('ISO'), provided that the member organization yields its principal executions to any open customer orders that are required to be protected by Rule 92 – NYSE Alternext Equities and are capable of being filled, except if the member organization executed the ISO to facilitate a customer order at a price inferior to one or more protected quotations and that customer has consented to not receiving the better prices obtained by the ISO.

(6) any transaction by a member or member organization acting in the capacity of a specialist in a security in which the specialist is registered and which is entered into more than two and one half hours after the close of regular trading in such security on the Exchange and more than fifteen minutes prior to the opening of regular trading in such security on the Exchange on following trading day.

••• Supplementary Material:

.10 A member or employee of a member or member organization responsible for entering proprietary orders shall be presumed to have knowledge of a particular customer order unless the member organization has implemented a reasonable system of internal policies and procedures to prevent the misuse of information about customers orders by those responsible for entering such proprietary orders.

.15 If the specialist system employing algorithms that generate quoting and trading messages in accordance with the provisions of Exchange Rule 104 – NYSE Alternext Equities is designed and operated in a manner that prevents a quoting or trading message generated in response to an order from being affected by the receipt of a subsequent order in the same security then, for the purposes of this rule, the specialist member and member organization will not be deemed to have knowledge of the subsequent order while the specialist system is transmitting to the Display Book the quoting or trading message generated in response to the initial order.

.20 This Rule shall apply to any agency or proprietary transaction effected on the Exchange if such transaction ('Exchange transaction') is part of a group of related transactions that together have the effects prohibited by the Rule, regardless of whether (i) one or more of the other related transactions were effected on other market centers; or (ii) the Exchange transaction by itself had such effects.

.30 This Rule shall also apply to a member organization's member on the Floor, who may not execute a proprietary order at the same price, or at a better price, as an unexecuted customer order that he or she is representing, except to the extent the member organization itself could do so under this Rule.

.40 For purposes of paragraph (b) above, the term 'account of an individual investor' means an account covered by Section 11(a)(1)(E) of the Securities Exchange Act of 1934. For purposes of paragraph (b)(1) above, the term 'proprietary facilitation account' shall mean an account in which a member organization has a direct interest and which is used to record transactions whereby the member organization acquires positions in the course of facilitating customer orders. Only those positions which are recorded in a proprietary facilitation account may be liquidated as provided in paragraph (b)(1). For purposes of paragraph (b)(2) and (b)(4) above, the terms 'bona fide hedge', 'bona fide arbitrage' and 'risk arbitrage' shall have the meaning ascribed to such terms in Securities Exchange Act Release No. 15533, January 29, 1979. All transactions effected pursuant to paragraph (b)(4) above must be recorded in an arbitrage account.

.50 For purposes of this rule only, an 'institutional account' shall mean (1) a bank, savings and loan association, insurance company, or registered investment company; (2) an investment advisor registered with the Securities and Exchange Commission under Section 203 of the Investment Advisors Act of 1940 or with a state securities commission (or any agency or office performing like functions); or (3) any other entity (whether a corporation, partnership, trust, or otherwise) with total assets of at least \$50 million.

.60 For purposes of paragraph (b)(2) above, a hedge will be deemed to be 'clearly related' if either the first or last transaction comprising the hedge is executed on the same trade date as the transaction that precipitates such hedge. A member shall mark all memoranda of orders to identify each transaction creating or modifying a hedge as permitted under this Rule.

.70 For purposes of paragraph (d)(5) above, the terms 'protected quotation' and 'intermarket sweep order' shall have the meanings ascribed to such terms in Rule 600 of Regulation NMS, 17 CFR 242.600.

.80 A member who routes to another market center, an order for the purchase or sale of a security shall, as a consequence thereof, be deemed to be initiating a purchase or sale of a security on the Exchange as referred to in this Rule.

.90 See paragraph (d)(ii) of Rule 900 – NYSE Alternext Equities (Off-Hours Trading: Applicability and Definitions) in respect of the ability to initiate basket transactions and transactions through the ‘Off-Hours Trading Facility’ (as Rule 900 – NYSE Alternext Equities defines that term), respectively, notwithstanding the limitations of this Rule.

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Trading for Joint Account

Rule 93 – NYSE Alternext Equities. (a) No member who is approved by the Exchange to initiate transactions on the Exchange Floor or his member organization or any other member or allied member therein, shall, directly or indirectly, hold any interest or participation in any joint account for buying or selling any security on the Exchange, unless such joint account is reported to and not disapproved by the Exchange.

The report should contain the following information for each account:

(1) Name of the account, with names of all participants and their respective interests in profits and losses;

(2) a statement regarding the purpose of the account;

(3) name of the member organization carrying and clearing the account;

(4) a copy of any written agreement or instrument relating to the account.

Any changes which take place in a joint account in respect of the information filed should be reported at once to the Exchange.

(b) No member while on the Floor shall, without the prior approval of a Floor Official, initiate the purchase or sale on the Exchange of stock for any account in which he, his member organization or any other member or allied member therein is directly or indirectly interested with any person other than such member organization or any other member or allied member therein.

(c) The provisions of this Rule shall not apply to any purchase or sale (1) by a member for a joint account maintained solely for effecting *bona fide* domestic or foreign arbitrage transactions, or (2) by an odd-lot dealer or a specialist for any joint account in which he is expressly permitted to have an interest or participation by Rule 94 – NYSE Alternext Equities.

••• Supplementary Material:

.10 A member who routes to another market center, an order for the purchase or sale of a security shall, as a consequence thereof, be deemed to be initiating a purchase or a sale of a security on the Exchange as referred to in this Rule.

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Specialists' or Odd-Lot Dealers' Interest in Joint Accounts

Rule 94 – NYSE Alternext Equities. (a) A specialist or odd-lot dealer, who conducts business as an individual or on behalf of a member organization, shall neither directly nor indirectly acquire or hold any interest or participation in any joint account for buying or selling on the Exchange, or on any other market center pursuant to Regulation NMS any stock in which such specialist or odd-lot dealer is registered, except a joint account in which such individual or such member organization is the participant (i) with a member or members who conduct business as individual; or (ii) with a member organization.

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Discretionary Transactions

Rule 95 – NYSE Alternext Equities. (a) No member while on the Floor shall execute or cause to be executed on the Exchange, or on any other market center pursuant to Regulation NMS any transaction for the purchase or sale of any stock with respect to which transaction such member is vested with discretion as to (1) the choice of security to be bought or sold, (2) the total amount of any security to be bought or sold, or (3) whether any such transaction shall be one of purchase or sale. The member must receive all material terms of an order, as referenced in (1), (2), and (3), from the member's customer off the Floor, and may not simply rely on a general understanding of the customer's intentions and thereby create an order or a material term of an order on the Floor. For example, a member who has purchased stock pursuant to a customer's off-Floor order may not simply rely on an understanding of the customer's strategy to sell the stock if it becomes profitable to do so, but must first obtain a new order to sell entered by the customer from off the Floor. See also Rule 90 – NYSE Alternext Equities and the supplementary material thereto.

(b) The provisions of paragraph (a) of this Rule shall not apply to any transaction permitted by Rule 93 – NYSE Alternext Equities for any account in which the member executing such transaction is directly or indirectly interested.

(c) If a Floor broker acquires a position for an account during a particular trading session while representing at the same time, on behalf of that account, market or limit orders at the minimum variation on both sides of the market, the broker may liquidate or cover the position established during that trading session only pursuant to a new order (a liquidating order) which must be time-recorded upstairs and upon receipt on the trading Floor. All liquidating orders as

described above must be marked on the Floor as 'BC' in the case of an order covering a short position, or 'SLQ' in the case of the sell order liquidating a long position.

(d) For the purposes of this rule, an account shall be deemed any account in which the same person or persons is directly or indirectly interested. A Floor broker representing an order to liquidate or cover a position, which was established during the same trading session at a time when the broker represented orders at the minimum variation on both sides of the market for the same account, must execute that liquidating or covering order before any other order on the same side of the market for that account.

•••Supplementary Material:

.10 The provisions of this rule shall not apply to (i) any order to liquidate a position carried over from a previous trading session; (ii) any order liquidating any part of a position assumed as part of a strategy relating to bona fide arbitrage; and (iii) any order liquidating any part of a block position assumed in reliance on the exemption for block positioners contained in Section 11(a)(1)(A) of the Securities Exchange Act.

.20 The following examples illustrate the operation of paragraphs (c) and (d) above. All examples assume that orders are for the same account, and are market buy-minus/sell-plus orders, or limit orders at the minimum variation.

<u>B</u>	<u>= buy order</u>	<u>SL</u>	<u>= sell long order</u>
<u>BC</u>	<u>= buy to cover short order*</u>	<u>SS</u>	<u>= sell short order</u>
<u>T</u>	<u>= acquiring trade</u>	<u>SLQ</u>	<u>= sell long to liquidate order*</u>

*Designation not used for system orders

I. No Carry-Over Position

A. Crowd

B 5000, SS 5000

T: buy 2000

Steps

1. obtain SLQ 2000 order to liquidate that day
2. SS 5000 order cannot be executed while contra side position exists

B. Crowd

B 5000, SS 5000

T: sell short 2000

Steps

1. obtain BC 2000 order to liquidate that day
2. B 5000 order cannot be executed while contra side position exists

II. Carry-Over Position (2000 shares long)

A. Crowd

B 5000, SL 2000

T: buy 3000

Steps

1. obtain SLQ 3000 order to liquidate new position that day
2. SL 2000 order should be executed first (representing the carry-over position)

III. Carry-Over Position (2000 shares short)

A. Crowd

B 5000, SS 5000

T: sell short 3000

Steps

1. obtain BC 3000 order to liquidate new position that day
2. 2000 shares of B 5000 order may be executed to cover 2000 share carry-over position
3. BC 3000 order must be executed before balance of B 5000 order may be executed.

.30 The following examples indicate the types of buy and sell orders that a member may and may not represent for the same customer at the same time.

Permitted

- Buy 10,000 at 25 and Sell short, or sell long 10,000 at 25 plus minimum trading variation
- Buy 10,000 at-the-market and Sell 10,000 at-the-market 'sell plus' (if 'long')

'buy minus'

- Buy 10,000 at-the-market and Sell 10,000 at-the-market, contingent upon the entire buy order being completed first

Not Permitted

- Buy 10,000 at-the-market and Sell 10,000 at-the-market
- Buy 10,000 at-the-market and Sell 10,000 at a limit discretion at that limit and higher

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Limitation on Members' Trading Because of Options

Rule 96 – NYSE Alternext Equities. No member while on the Floor shall initiate the purchase or sale on the Exchange for his own account or for any account in which he, his member organization or any other member, allied member or approved person in such organization is directly or indirectly interested, of any stock in which he holds or has granted any put, call, straddle or other option, or in which he has knowledge that his member organization or any of the above mentioned accounts holds or has granted any put, call, straddle or other option, except that the provisions of this rule shall not apply in the case of any such options that are listed or traded on a national securities exchange. The Exchange may at any time, and from time to time, require reports relating to transactions in options effected by a member or member organization.

••• Supplementary Material:

.10 A member who routes to another market center, an order for the purchase or sale of a security shall, as a consequence thereof, be deemed to be initiating a purchase or a sale of a security on the Exchange as referred to in this Rule.

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Rule 97 – NYSE Alternext Equities. Reserved.

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Affiliated Persons of Specialists

Rule 98 – NYSE Alternext Equities. (a) Every approved person who is affiliated with a specialist member organization must agree, in a stipulation approved by the Exchange, not to

violate Rules 93 – NYSE Alternext Equities, 94 – NYSE Alternext Equities, 95 – NYSE Alternext Equities, 103 – NYSE Alternext Equities, 104 – NYSE Alternext Equities, 105 – NYSE Alternext Equities, 113 – NYSE Alternext Equities and 460 – NYSE Alternext Equities or cause a specialist or a specialist member organization to violate these or any other rules relating to specialists.

(b) No issuer, or parent or subsidiary thereof, or any officer, director or 10% stockholder thereof, may become an approved person in a specialist member organization whose members are registered in a security of that issuer.

(c) Notwithstanding the provisions of paragraph (a) of this Rule, an approved person or member organization which is affiliated with a specialist member organization shall not be subject to (i) Rule 104.13 – NYSE Alternext Equities, (ii) Rules 94(a) – NYSE Alternext Equities and 105(b) – NYSE Alternext Equities, (iii) Rule 460(b) – NYSE Alternext Equities, (iv) Rule 113(a) – NYSE Alternext Equities, and (v) Supplementary Material to Rule 113 – NYSE Alternext Equities, provided that it has established and obtained Exchange approval of procedures restricting the flow of material, non-public corporate or market information between itself and the specialist member organization, and any member, officer, or employee associated therewith.

(d) Where such approved person or member organization controls, is controlled by, or is under common control with, another organization, the exemption provided in paragraph (c) of this Rule shall be available to it only where the Exchange has determined that the relationship between the specialist’s member organization, each specialist associated therewith, and such other organization satisfies all the conditions specified in the Guidelines referred to in (e) below.

(e) The procedures referred to in paragraph (c) of this Rule shall comply with such Guidelines as are promulgated by the Exchange.

(f)(i) An approved person associated with a specialist member organization (‘Affiliated Specialist’) that is entitled to an exemption from certain Exchange rules pursuant to this Exchange Rule 98 – NYSE Alternext Equities shall notify the Exchange of its participation in any distribution or tender or exchange offer of any security covered by paragraph (f)(ii) of this rule, in such form and within such time frame as may be prescribed by the Exchange and shall provide the information required below:

1. name of security
2. symbol
3. type of security
4. symbol of reference security or securities (if different from security being distributed)
5. description of distribution or tender or exchange offer
6. distribution price or terms of tender or exchange offer
7. date of pricing

8. time of pricing
9. pricing basis (e.g., consolidated close)
10. beginning and ending dates of the restricted period under Regulation M (if applicable) or, for a tender or exchange offer, the date the offer is publicly announced and its expiration date
11. firm submitting notification
12. name and title of individual submitting notification
13. telephone number
14. such other information as the Exchange may from time to time require.

(ii) The notification requirements of this rule are applicable to any security in which the Affiliated Specialist is registered where such security is either:

1. the subject of a tender or exchange offer (or any other security which is immediately convertible into or exchangeable for such security) for purposes of Rule 14e-5 under the Securities Exchange Act of 1934; or
2. a covered security as defined in Rule 100 of Regulation M.

••• Supplementary Material

Guidelines for Exemptive Relief Under Rule 98– NYSE Alternext Equities for Approved Persons or Member Organizations Affiliated with a Specialist Member Organization

(a) The Exchange Rules listed below impose certain restrictions on an approved person or member organization which is affiliated with a specialist or specialist unit (collectively referred to herein as an ‘affiliated upstairs firm’):

- Rule 104.13 – NYSE Alternext Equities provides that an affiliated upstairs firm may not purchase or sell any security in which the specialist is registered for any account in which such person or party has a direct or indirect interest.
- Rule 105(b) – NYSE Alternext Equities provides that an affiliated upstairs firm may not hold or grant any option in any stock in which the specialist is registered.
- Rule 460(b) – NYSE Alternext Equities provides that no member in a specialist member organization or any officer, employee or approved person therein may be an officer or director of a corporation in whose securities the specialist is registered.
- Rule 113(a) – NYSE Alternext Equities prohibits an affiliated upstairs firm from accepting orders in specialty stock directly from the issuer, its insiders and certain designated institutions.

- Rule 113.20 – NYSE Alternext Equities Supplementary Material prohibits an affiliated upstairs firm from ‘popularizing’ a stock in which a specialist is registered, e.g., making recommendations and providing research coverage.

Exchange Rule 98 – NYSE Alternext Equities provides a means by which an affiliated upstairs firm may obtain an exemption from the restrictions discussed above. This exemption is only available to an affiliated upstairs firm which obtains prior Exchange approval for procedures restricting the flow of material, non-public information between it and its affiliated specialist, i.e., a ‘Chinese Wall.’ These guidelines set forth, at a minimum, the steps an affiliated upstairs firm must undertake to seek to qualify for exemptive relief. Any firm that does not obtain Exchange approval of its procedures in accordance with these guidelines will remain subject to the restrictions in the Rules set forth above.

(b) These guidelines require that an affiliated upstairs firm establish procedures which are sufficient to restrict the flow of privileged information between itself and the specialist organization. Generally, an affiliated upstairs firm seeking an exemption from the Rules discussed in paragraph (a) above should establish its operational structure along the lines discussed below.

- (i) The affiliated upstairs firm and the specialist organization must be organized as separate and distinct organizations. At a minimum, the two organizations must maintain separate and distinct books, records and accounts and satisfy separately all applicable financial and capital requirements. While the Exchange will permit the affiliated upstairs firm and the specialist organization to be under common management, in no instance may persons on the upstairs firm’s side of the ‘Wall’ exercise influence over or control the specialist organization’s conduct with respect to particular securities or vice versa. Any general managerial oversight must not conflict with or compromise in any way the specialist’s market making responsibilities pursuant to the Rules of the Exchange.
- (ii) The affiliated upstairs firm and the specialist organization must establish procedures designed to prevent the use of material non-public corporate or market information in the possession of the affiliated upstairs firm to influence the specialist organization’s conduct and avoid the misuse of specialist market information to influence the affiliated upstairs firm’s conduct. Specifically, the affiliated upstairs firm and the specialist organization must ensure that material non-public corporate information relating to, or trading positions taken by the affiliated upstairs firm in, a specialty security are not disclosed or made available to the specialist organization or to any member, partner, director or employee thereof; that no trading is done by a specialist in the specialist organization while in possession of non-public corporate information derived by the affiliated upstairs firm from any transaction or relationship with the issuer or any other person in possession of such information; that advantage is not taken of knowledge of pending transactions or the upstairs firm’s recommendations; and that all information pertaining to positions taken or to be taken by the specialist and to the specialist’s ‘book’ in a specialty security, is kept confidential and is not made available to the affiliated upstairs firm.

(c) An affiliated upstairs firm seeking the Rule 98 – NYSE Alternext Equities exemption shall submit to the Exchange a written statement which shall set forth:

- (i) The manner in which it intends to satisfy each of the conditions stated in subparagraphs (b)(i) and (b)(ii) of these guidelines, and the compliance and audit procedures it proposes to implement to ensure that the functional separation is maintained;
- (ii) The designation and identification of the individual(s) within it responsible for maintenance and surveillance of such procedures;
- (iii) That the specialist organization may make available to a broker affiliated with it only the sort of market information that it would make available in the normal course of its specializing activity to any other broker and in the same manner that it would make information available to any other broker; and that the specialist organization may only make such information available to a broker affiliated with the upstairs firm pursuant to a request by such broker for such information and may not, on its own initiative, provide such broker with such information;
- (iv) That where it ‘popularizes’ a specialty security it must disclose that an associated specialist makes a market in the security, may have a position in the security, and may be on the opposite side of public orders executed on the Floor of the Exchange in the stock, and the firm will notify the Exchange immediately after the issuance of a research report or written recommendation;
- (v) That it will file with the Exchange such information and reports as the Exchange may, from time to time, require relating to its transactions in a specialty security;
- (vi) That it will take appropriate remedial action against any person violating these guidelines and/or its internal compliance and audit procedures adopted pursuant to subsection (c)(i) of these guidelines, and that it and its associated specialist organization each recognize that the Exchange may take appropriate remedial action, including (without limitation) reallocation of specialty securities and/or revocation of the exemption provided in Rule 98 – NYSE Alternext Equities, in the event of such a violation; and
- (vii) Whether the firm intends to clear proprietary trades of the specialist organization and, if so, the procedures established to ensure that information with respect to such clearing activities will not be used to compromise the firm’s Chinese Wall (The procedures followed shall, at a minimum, be the same as those used by the firm to clear for unaffiliated third parties.).

(d) Paragraph (b) of these Guidelines requires the establishment of procedures designed to prohibit the flow of certain market sensitive information from an upstairs firm to its affiliated specialist organization or to any member, partner, director or employee thereof. In the event that, notwithstanding these procedures, any specialist in the specialist organization becomes aware of the fact that he has received any such information relating to any of his specialty stocks from his organization’s affiliated upstairs firm, the specialist shall promptly communicate that fact and disclose the information so received to the person in the affiliated upstairs firm responsible for compliance with securities laws and regulations (the compliance officer) and shall seek determination from the compliance officer as to whether he should, as a consequence of his receipt

of such information, give up the book in the specialty stock involved. If the compliance officer determines that the specialist should give up the book, the specialist shall, at a minimum, give it up to another member who is registered as specialist in the stock and who is not in possession of the information so received. In any such event, the compliance officer shall determine when it is appropriate for the specialist to recover the book and recommence acting as specialist in the specialty stock involved. Procedures shall be established by the affiliated upstairs firm to assure that in any instance when the compliance officer determines that a specialist should give up the book, such transfer is effected in a manner which will prevent the market sensitive information from being disclosed to the new specialist.

The compliance officer shall keep a written record of each request received from a specialist for a determination as referred to above. Such record shall be adequate to record the pertinent facts and shall include, at a minimum, the identification of the security, the date, a description of the information received by the specialist, the determination made by the compliance officer and the basis therefore. If the book is given up, the record shall also set forth the time at which the specialist reacquired the book and the basis upon which the compliance officer determined that such reacquisition was appropriate. The Exchange shall be given prompt notice of any instance when the compliance officer determines that a specialist should give up the book and also of the determination that such specialist should be permitted to reacquire the book. In accordance with such schedules as the Exchange shall from time to time prescribe (at least monthly), the written record of all requests received by the compliance officer from specialists in the affiliated specialist organization for a determination as referred to above shall be furnished to the Exchange for its review.

Members and member organizations are cautioned that any trading by any person while in possession of material, non-public information received as a result of any breach of the internal controls required by the Guidelines may violate Rule 10b-5, Rule 14e-3, Rules 103 and 104 – NYSE Alternext Equities, just and equitable principles of trade or one or more other provisions of the 1934 Act, or regulations thereunder or rules of the Exchange. The Exchange intends to review carefully any such trading of which it becomes aware with a view towards determining whether any such violation has occurred.

(e) Subparagraph (c)(vii) of these Guidelines permits an upstairs firm to clear the specialist transactions of its affiliated specialist organization provided it established procedures to ensure that information with respect to such clearing activities will not be used to compromise the firm's Chinese Wall. Such procedures should provide that any information pertaining to security positions and trading activities of the specialist organization, and information derived from any clearing and margin financing arrangements between the affiliated upstairs firm and the specialist organization, may be made available only to those (other than employees actually performing clearing and margin financing functions) in senior management positions in the affiliated upstairs firm who are involved in exercising general managerial oversight over the specialist organization. Generally, such information may be made available only to the affiliated upstairs firm's chief executive officer, chief operations officer, chief financial officer, and senior officer responsible for managerial oversight of the specialist organization, and only for the purpose of exercising permitted managerial oversight. Such information may not be made available to anyone actually engaged in making day-to-day trading decisions for the affiliated upstairs firm, or in making recommendations to the customers or potential customers of the affiliated upstairs firm. Any margin financing

arrangements must be sufficiently flexible so as not to limit the ability of any specialist in the specialist organization to meet market-making or other obligations under Exchange Rules.

(f) The written statement required by Paragraph (c) of these Guidelines shall detail the internal controls which both the affiliated upstairs firm and the specialist organization intend to adopt to satisfy each of the conditions stated in subparagraphs (c)(i) through (c)(viii) of these Guidelines, and the compliance and audit procedures it proposes to implement to ensure that the internal controls are maintained. If the Exchange determines that the organizational structure and the compliance and audit procedures proposed by the upstairs firms and its affiliated specialist organization are acceptable under the Guidelines, the Exchange shall so inform the upstairs firm and its affiliated specialist organization, in writing, at which point the exemptions provided by Rule 98 – NYSE Alternext Equities shall be granted. Absent such prior written approval, the exemptions provided by Rule 98 – NYSE Alternext Equities shall not be available. The written statement should identify the individuals in senior management positions (and their titles/levels of responsibility) of the affiliated upstairs firm to whom information concerning the specialist member organization’s trading activities and security positions, and information concerning clearing and margin financing arrangements, is to be made available, the purposes for which it is to be made available, the frequency with which the information is to be made available, and the format in which the information is to be made available. If any partner, director, officer or employee of the affiliated upstairs firm intends to serve in any such capacity with the specialist organization, or vice versa, the written statement must include a statement of the duties of the particular individual at both entities, and why it is necessary for such individual to be a partner, director, officer or employee of both entities. The Exchange will grant approval for service at both entities only if the dual affiliation is for overall management control purposes or for administrative and support purposes. Dual affiliation will not be permitted for an individual who intends to be active in the day-to-day business operations of both entities. Nothing in the foregoing, however, shall preclude an employee of one entity who performs strictly administrative or support functions (such as facilities, accounting, data processing, personnel and similar types of services) from performing similar functions on behalf of the other entity, provided that such individual is clearly identified, and the functions performed on behalf of each entity are specified, in the written statement described above, and all requirements in Paragraph (b) above as to maintaining the confidentiality of information are met.

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**Specialists, Odd-Lot Brokers, and Registered Traders (Rules 99 – NYSE Alternext Equities—
114 – NYSE Alternext Equities)**

Round-Lot Transactions of Odd-Lot Dealer and Broker

Rule 99 – NYSE Alternext Equities. No odd-lot dealer or his relief or associate odd-lot broker shall effect while on the Floor of the Exchange purchases or sales of any security in which

such odd-lot dealer is registered, for any account in which such odd-lot dealer, his member organization or any other member, allied member, or approved person, in such organization is directly or indirectly interested, unless such dealings are reasonably necessary to permit the odd-lot dealer to act as such in such security, or, if also registered as a specialist in such security, to act as a specialist.

* * * * *

Round-Lot Transactions of Odd-Lot Dealer or Broker Affecting Odd-Lot Orders

Rule 100 – NYSE Alternext Equities. Transactions of Specialist—Odd-Lot Dealer

(a) If an odd-lot dealer (including a specialist odd-lot dealer) anticipates selling a round lot as principal at a price below the last different round lot price (a minus or zero-minus tick), and has knowledge that because of the amount of odd-lot sell orders he holds at that price, he would become a buyer of an amount greater than one round lot on balance, prior approval to make such round lot sale is required of a Floor Official.

(b) Similarly, if an odd-lot dealer (Including a specialist odd-lot dealer) anticipates purchasing a round lot as principal at a price above the last different round lot price (a plus or zero-plus tick), and has knowledge that because of the amount of odd-lot buy orders he holds at that price, he would become a seller of an amount greater than one round lot on balance, prior approval to make such round lot purchase is required of a Floor Official.

(c) If unusual circumstances exist, such as unusual activity in a stock with a corresponding increase in the number of orders being received in the odd-lot and/or round lot market, and the need for the odd-lot dealer to effect an unusual number of transactions for his own account, the odd-lot dealer may obtain in advance from a Floor Official an exemption from the provisions of this rule for all or part of any trading session. A record should be kept of these circumstances and of the Floor Official approval.

* * * * *

Registration of Odd-Lot Dealers and Brokers

Rule 101 – NYSE Alternext Equities. No member shall act as an odd-lot dealer or odd-lot broker on the Floor in a security unless such member is registered as an odd-lot dealer or an odd-lot broker in such security with the Exchange and unless the Exchange has approved of his so acting as an odd-lot dealer or odd-lot broker and has not withdrawn such approval; provided, however, that the Exchange may exempt relief odd-lot brokers from the provisions of this Rule upon such conditions as it may prescribe.

••Supplementary Material:

.10 Qualifications.—A member who applies to register as an odd-lot dealer or broker is required to pass on Odd-Lot Examination prescribed by the Exchange unless the Exchange specifically waives this requirement. Applications for this examination should be submitted to the Market Surveillance Division.

* * * * *

Options of Odd-Lot Dealers

Rule 102 – NYSE Alternext Equities. No odd-lot dealer or his member organization and no other member, allied member, or approved person, in such organization shall acquire, hold, or grant, directly or indirectly, any interest in any put, call, straddle or option in any stock in which such odd-lot dealer is registered.

* * * * *

Registration of Specialists

Rule 103 – NYSE Alternext Equities. No member shall act as a specialist on the Floor in any security unless such member is registered as a specialist in such security with the Exchange and unless the Exchange has approved of his so acting as a specialist and has not withdrawn such approval.

As a condition of a member’s registration as a specialist in one or more securities the Board of Directors may at any time require such member to register with the Exchange and act as an odd-lot dealer in such securities under Rule 101 – NYSE Alternext Equities.

••• Supplementary Material:

.10 Registration of specialists.—Four classes of specialists have been established, namely (1) regular specialists, (2) relief specialists, (3) associate specialists, and (4) temporary specialists. No member is permitted to act as regular specialist, relief specialist or associated specialist unless he is registered with the Exchange. No registration is required for temporary specialists, but no member is permitted to act as such unless authorized by a Floor Official.

Registration applies only to individual members, and not to member organizations. Consequently each Floor member of a specialist organization who expects to act as regular specialist, relief specialist or associate specialist at any time must register individually.

Notice of all new applications for registration as regular or relief specialist will be posted on the bulletin board. Approval will not be given on any such application until one week from the date of receipt thereof, except that, if circumstances require immediate action, temporary approval may be given. Members wishing to make representations with respect to any application should

file their comments with the Market Surveillance and Evaluation Department during the period when notice is posted.

Notice of applications for registration as associate specialists will not be posted.

Before registration as a specialist, a member is required to pass a Specialist's Examination prescribed by the Exchange. Applications for this examination should be submitted to the Market Surveillance Department.

.11 Temporary Reallocation of Securities. The Chief Regulatory Officer or his or her designee and two non-specialist Executive Floor Governors or if only one or no non-specialist Executive Floor Governors is present on the Floor, the most senior non-specialist Floor Governor or Governors based on length of consecutive service as a Floor Governor at the time of any action covered by this rule, acting by a majority shall have the power to reallocate temporarily any security on an emergency basis to another location on the Exchange whenever in their opinion such reallocation would be in the public interest.

The member to whom a security has been temporarily reallocated under the provisions of this Rule will be registered as the regular specialist therein until the Chief Regulatory Officer or his or her designee and two non-specialist Executive Floor Governors determine that the security may be returned to the original specialist organization or has been reallocated pursuant to Exchange rules.

.12 Time Tracking Requirements

(A) Each specialist and specialist organization shall keep and provide the Exchange with records in such format as required by the Exchange indicating (a) the identity of specialists and the personnel of the specialist organization available on the Floor to work with specialists; (b) the times during which each specialist acts in his or her capacity as specialist on the Floor; and (c) the times during which personnel available on the Floor act in the capacity of a clerk to a specialist on the Floor.

(B) Each specialist and the personnel of the specialist organization available on the Floor to work with the specialist shall input the required personnel identifying information into the Exchange's IDTrack system at any post and panel in which each specialist acts in his or her capacity as specialist on the Floor and in which personnel available on the Floor act in the capacity of a clerk to a specialist on the Floor.

(C) Each specialist and the personnel of the specialist organization available on the Floor to work with the specialist in the capacity of a clerk shall sign and certify at the end of each trading day a daily report identifying the times that the specialist and the clerk logged into the IDTrack system, the specialty stocks in which the specialist and the clerk worked on that particular day, and the time that the specialist and the clerk logged out of the IDTrack system. The signatures of the specialist and the clerk will certify the accuracy of the daily reports, and the signatures will be provided by the specialist and the clerks in the manner required by the Exchange.

Specialist Stock Reallocation and Member Education and Performance

Rule 103A – NYSE Alternext Equities. (a)(1) In order to ensure that a high level of market quality and performance in Exchange listed securities is achieved and maintained, the Market Performance Committee, under the authority granted in its Charter, shall develop and administer systems and procedures, including the determination of specific kinds of data to be reviewed and the establishment of appropriate standards and measurements of performance, designed to measure specialist performance and market quality on a periodic basis to determine whether or not all or particular specialist units need to take actions to improve their performance. Based on such determinations, the Market Performance Committee shall take steps as described in this rule, to encourage performance improvement and to improve or sustain market quality in appropriate cases.

(2) Specialist Stock Assignments.—The Market Performance Committee shall be authorized, under authority granted in its Charter, to review and approve stock assignments and reassignments, assignments in special stock situations and organizational changes of specialist units.

(3) Floor Members.—The Market Performance Committee shall, under the authority granted in its Charter, develop procedures and standards for qualification and performance of members active on the Floor of the Exchange. All proposed Floor members must complete such educational program as may be prescribed by the Exchange before they will be permitted to act as a member on the Floor of the Exchange. All individuals qualified to act as Floor members, whether a primary or substitute trading license user, must complete such mandatory continuing education program modules as the Exchange may introduce from time to time. Individuals qualified to act as Floor members who fail to complete an educational module within 60 days from the date originally scheduled to participate, or within such different number of days as the Exchange may prescribe in connection with a particular module, will be precluded from entering on the trading Floor until such time as the member satisfies the requirement to complete the educational module. The requirement to complete educational modules shall not apply to Executive Floor Governors. A member required to complete a particular educational module pursuant to this rule may satisfy his or her obligation by substantially assisting NYSE Regulation, Inc. in the development of such educational module.

(4) In carrying out its responsibilities with respect to the provisions of (a)(1), the Market Performance Committee shall be authorized, under authority granted in its Charter, to impose an allocation freeze with respect to a specialist unit when in the judgement of the Market Performance Committee the unit needs to take action to improve its performance. Such allocation freeze shall not, however, supersede any provision of the Exchange's Allocation Policy which permits, under specified circumstances, a listing company to select a particular specialist unit, or request the inclusion of a particular specialist unit among a group of units selected by the Allocation Committee, with the listing company then making its determination as to which unit shall be registered as specialist in its stock. Such allocation freeze shall also not preclude the assignment of a stock to a particular specialist unit by the Market Performance Committee or the Exchange staff when a newly-listed stock is related to a stock already traded by that unit.

(b) Initiation of a Performance Improvement Action.—The Market Performance Committee shall initiate a Performance Improvement Action (except in highly unusual or extenuating circumstances, involving factors beyond the control of a particular specialist unit, as

determined by formal vote of the Committee) in any case where a specialist unit's performance falls below such standards as are specified in the Supplementary Material to this rule. The objective of a Performance Improvement Action shall be to improve a specialist unit's performance where the unit has exhibited one or more significant weaknesses, or has exhibited an overall pattern of weak performance that indicates the need for general improvement.

In initiating a Performance Improvement Action, the Market Performance Committee shall proceed as follows:

(1) The Market Performance Committee shall evaluate performance data as described in the Supplementary Material to this rule and identify any unit whose performance has fallen below any standard specified therein;

(2) The Committee shall notify the unit in writing that its performance needs to be improved, specifying the particular areas of weak performance identified and the data and reasons that have led them to conclude there is a performance problem, and invite the unit to meet with the Committee. The Committee shall inform the unit, in writing, of one or more specific, measurable goals that the unit will be expected to achieve to improve its performance;

(3) The Committee shall appoint a 'Performance Improvement Monitoring Team' of non-Committee members composed of two specialists and two non-specialists (all four individuals to be selected on a random basis) from a pool of qualified individuals (the 'Performance Improvement Panel') nominated by the various constituent organizations and previously approved by the Committee to counsel units in need of performance improvement action. Where appropriate, the Committee may tailor the Monitoring Team by selecting the non-specialist members based on the particular counselling needs of a unit. The Committee shall establish a reasonable time period for the unit, either on its own or working with the Monitoring Team, as the unit may determine, to submit a 'performance improvement plan' for the Committee's review and approval;

(4) The unit, either on its own or working with the Monitoring Team, as the unit may determine, shall develop a performance improvement plan identifying specific, tangible steps the unit can take to improve performance and to meet the one or more specific, measurable goals the Committee has determined the unit is to achieve;

(5) The unit (and the Monitoring Team if it has worked with the unit on developing the plan) shall report to the Committee, within the time period specified, the details of the performance improvement plan. The Committee may accept the plan as submitted, or make such modifications as it deems appropriate, which modifications shall be binding on the unit. The Committee shall then evaluate the plan for the purposes of determining a reasonable time period (the 'performance improvement period') for the implementation of the unit's plan to achieve the specific measurable goals the unit is to meet, and to establish a specific date for the Monitoring Team to render a final report to the Committee. In all cases, the development and implementation of an effective performance improvement plan, and the actual measurable improvement of performance to meet the specified goal(s) remains the responsibility of the unit. After reviewing and approving a performance improvement plan, the Committee may impose an allocation freeze on the unit if the Committee believes such action is appropriate;

(6) At any time during the performance improvement period, the Monitoring Team may make interim reports to the Committee to (i) notify the Committee that the Monitoring Team believes the unit's performance has so improved, as evidenced by specific performance data to support their view, that the unit is meeting the goal(s) that had been established for it to meet, that the Monitoring Team no longer needs to monitor the unit's progress and recommends the performance improvement proceeding be concluded; (ii) recommend the performance improvement plan be altered including whether it is appropriate, based on specific indications that the unit is making progress toward meeting its goal(s), to extend the performance improvement period; or (iii) notify the Committee that they recommend the imposition of an allocation freeze (if such a freeze has not previously been imposed by the Committee) to further encourage the unit to improve performance to meet its goal(s). The Committee shall review any such interim report and take such action as it deems appropriate in response to the three possible recommendations noted above, including concluding the performance improvement action in accordance with the principles stated in paragraph (c)(2) below.

(c) Conclusion of a Performance Improvement Action.—

(1) At the conclusion of the performance improvement period (unless the performance improvement action has been concluded on the basis of a Monitoring Team's interim report, as specified in paragraph (b)(6) above) the Monitoring Team shall render a final report to the Market Performance Committee specifying the steps taken by the unit to improve its performance and the results of their actions. The Monitoring Team's final report shall also indicate those areas where the unit has failed, or was unable, to take the necessary actions to correct the problem areas identified. In any case where the Monitoring Team does not believe that a unit has met the performance improvement goal(s) established by the Committee, the Monitoring Team may recommend a particular stock or stocks that it believes should be considered for reallocation. In any case where the Monitoring Team makes such a recommendation, it shall set forth its specific reasons for so doing. In any case where the Monitoring Team does not believe that a unit has met the performance improvement goal(s) established by the Committee, but that specific performance data indicate that the unit can reasonably be expected to meet such goal(s) within a brief period of time, the Monitoring Team may recommend that the Performance Improvement Action be extended for a period not to exceed one quarter.

(2) The Committee shall review the Monitoring Team's report, the performance improvement plan, the actions taken to implement it, the results, and any specific recommendations made by the Monitoring Team. The Committee shall determine whether or not the unit has met the specific measurable goal(s) identified in the unit's improvement plan irrespective of whether or not the unit took the improvement actions described in its performance plan. In all cases a unit shall be judged on the basis of demonstrated improvement, as indicated by whether or not it has met its goal(s), in the areas of performance identified as weak. If the Committee determines that performance has so improved, the matter will be concluded. But, should the Committee believe that the unit's performance has not so improved, the Committee shall initiate a Reallocation Proceeding as described in paragraphs (d) and (e) below. However, if the Committee determines that the unit's performance has not so improved, but that, based on its analysis of specific performance data, performance improvement sufficient to meet the unit's goal(s) can be reasonably expected within a brief period of time, the Committee may extend the Performance Improvement Action for a period not to exceed one quarter. In no case shall the Committee grant a unit more than one such

extension of a Performance Improvement Action after the time period established for the conclusion of such Action has expired.

(d) Initiation of a Reallocation Proceeding.—In any case where the Committee determines to initiate a reallocation proceeding, the Committee shall so notify the specialist unit, in writing, that the issue for resolution is a final determination as to whether or not the unit has met the specific, measurable goal(s) that had been set out for it to achieve. The specialist unit shall be given a copy of the Monitoring Team’s report to the Committee, and any other written documentation that the Committee intends to consider. The specialist unit shall be given an opportunity to appear before the Committee and present its case. The Committee shall maintain a written record of its deliberations.

(e) Determination of Stock(s) to Be Reallocated.—Following a decision that a specialist unit has not met its specific measurable goal(s), the Committee shall attempt to identify a specific stock, or stocks, where performance improvement is particularly needed based on specific data, and shall give written notice to the unit that it believes such stock or stocks should be referred to the Allocation Committee for allocation to a different specialist unit. If the Committee is unable to identify one or more stocks (e.g., in cases where performance is weak overall or in a particular function rather than a particular stock), the Committee shall use its expert professional judgment in determining which one or more stocks it believes should be referred for reallocation. The specialist unit shall be given an opportunity of present its case as to why it believes that the particular stock or stocks identified should not be referred, and may request the Committee to consider withdrawal of its registration in one or more of its other stocks. The Committee shall then make a final determination as to which one or more of the specialist unit’s stocks shall be referred for reallocation. All determinations made by the Committee shall be communicated in writing to the specialist unit, with a statement of the reasons for such determinations.

(f) Egregious Situations.—Irrespective of whether a need for performance improvement action has been previously identified, in any instance where a specialist unit’s performance in a particular market situation was so egregiously deficient as to call into question the Exchange’s integrity or impair the Exchange’s reputation for maintaining efficient, fair, and orderly market, the Committee may immediately initiate a reallocation proceeding upon written notice to the specialist unit specifying the reasons for the initiation of the proceeding. The specialist unit shall be given an opportunity to appear before the Committee and present its case. The Committee shall maintain a written record of its deliberations. Following this decision, the Committee shall attempt to identify a specific stock or stocks that it believes should be referred to the Allocation Committee for allocation to a different unit. If the Committee is unable to identify one or more stocks (e.g., where the specialist unit’s performance was egregiously deficient overall rather than in a particular stock) the Committee shall use its expert professional judgment in determining which one or more stocks it believes should be referred for reallocation. The specialist unit shall be given an opportunity to present its case as to why it believes that the particular stock or stocks identified should not be referred, and may request the Committee to consider withdrawal of its registration in one or more of its other stocks. The Committee shall then make a final determination as to which one or more of the specialist unit’s stocks shall be referred for reallocation. All determinations made by the Committee shall be communicated in writing to the specialist unit, with a statement of the reasons for such determinations.

(g) **Right to Review.**—A decision by the Committee that one or more stocks should be reallocated shall be final, subject to the specialist unit’s right to have such decision reviewed by the Exchange’s Board of Directors.

(h) **Bar to Applications for Stock(s) to Be Reallocated.**—Where, pursuant to this Rule, the Market Performance Committee determines that one or more of a specialist unit’s stocks should be referred to the Allocation Committee for reallocation, no member organization associated directly or indirectly with either a member of the Market Performance Committee or of any Monitoring Team that has been appointed to assist that unit may apply to the Allocation Committee to be allocated such stock(s).

••• Supplementary Material

10 Performance Improvement Action Criteria.—The Market Performance Committee shall initiate a Performance Improvement Action as described in paragraph (b) above whenever a specialist unit does not meet any standard of acceptable performance as specified below:

(aa) Specialist Performance Evaluation Questionnaire (‘SPEQ’)

During the period commencing June 8, 2007 and ending no later than September 30, 2008 (‘Moratorium’), the results of the SPEQ shall no longer serve as criteria for a performance improvement action.

(bb) Use of Order Reports/Administrative Responses

During the Moratorium, Order Reports/Administrative Responses shall no longer serve as criteria for a performance improvement action.

(A) Specialist Performance Evaluation Questionnaire

(i) in any case where a specialist unit’s overall rank on the quarterly SPEQ is in the lowest 10% of all specialist units, and its range of ranks is in the lowest 15% of all units, for any quarter;

(ii) in any case where a specialist unit’s rank in two or more functions on the quarterly SPEQ is in the lowest 10% of all specialist units, and its range of ranks is in the lowest 15% of all units, for any quarter;

(iii) in any case where a specialist unit’s rank in a particular function on the quarterly SPEQ is in the lowest 10% of all specialist units, and its range of ranks is in the lowest 15% of all units, in each of two consecutive quarters.

The ranks and ranges of ranks operate as follows. Assume, for example, that there are 50 specialist units, and that unit A has received a rank (either overall or for a particular function) of 46 out of 50, with a range of ranks of 44 to 50. The unit’s overall rank is in the lowest 10%, and its range of ranks is in the lowest 15%, as this range indicates that the unit is not statistically significantly different from a unit rated no higher than 44 (which is in the bottom 15%).

(B) Openings

(i) in any case where, for two consecutive quarters, a specialist unit has not opened, at least 90% of the time, one or more of its common stocks or non-convertible preferred stocks, by means of an opening trade or a quotation, by 9:45 a.m.

In calculating a unit's performance in this area, the following types of openings will be excluded:

- regulatory delayed openings; and
- written exemptions from a Floor Official certifying a non-regulatory post-9:45 a.m. opening is justified by market conditions related to a particular stock.

(ii) in any case where a specialist unit receives unfavorable Floor Official evaluations equal to 15% of its registered common stocks, or a minimum of 7, whichever is greater, in any quarter as to the timeliness of a unit's request for a non-regulatory delayed opening.

(C) Order Reports/Administrative Responses

(i) in any case where a specialist unit does not turn around 90% of its DOT orders in one minute during any two quarters in a 'rolling' four quarters period.

In any Performance Improvement Action that may be commenced as a result of below standard DOT performance, the Market Performance Committee, in setting specific DOT performance improvement goals the unit would be expected to achieve, and the Monitoring Team, in assisting the unit in developing a Performance Improvement Plan, shall give consideration to the following factors:

- the unit's DOT order flow per panel;
- the severity of systems' malfunctions (if any);
- the assigned Post space available to the unit.

(ii) in any case where a specialist unit does not respond to 90% of its administrative messages received through the SuperDOT system in 10 minutes during any two quarters in a 'rolling' four quarter period.

.20 Performance Related Data.—In fulfilling its chartered responsibilities, the Market Performance Committee shall have the authority to review all performance data pertaining to any unit. Notwithstanding that a unit's performance may not fall below any standard established as adequate or minimally acceptable performance, the Market Performance Committee may, in an appropriate case to improve a unit's performance, engage in educational counseling of the unit by members of the Committee.

.30 The Market Performance Committee is authorized under this Rule to adopt such standards and measurements of specialist performance as it deems appropriate, and may from time-to-time modify or delete the standards and measurements noted above, or add additional standards and measurements. Any such modifications, deletions or additions shall be communicated to the

membership at least one quarter before they are actually implemented, and shall be formally reflected in the text of this Supplementary Material to Rule 103A – NYSE Alternext Equities.

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Specialist Stock Allocation

Rule 103B – NYSE Alternext Equities. Securities listing on the Exchange will be allocated to specialist units according to such policies as are established and made known to the membership from time to time. These Policies are stated below.

Allocation Policy and Procedures

I. PURPOSE

The Exchange Board of Directors or a designated committee thereof will periodically appoint special Allocation System Review Committees (ARCs) to conduct comprehensive reviews of the allocation process. The objective of each review will be to preserve the integrity of the original system and build upon its strengths, in order to ensure that the allocation process:

- (1) is based on fairness and consistency;
- (2) maximizes the professionalism, expertise and objectivity of committee members;
- (3) minimizes potential conflicts of interest;
- (4) rewards performance and provides an incentive for performance improvement;
- (5) spreads reward and risk throughout the specialist system, in order to contribute to its strength and continued viability;
- (6) provides the best possible match between specialist unit and stock, and provides an opportunity for input from the listing company for that purpose;
- (7) provides for education of all participants in the allocation process; and
- (8) ensures the strength and autonomy of the Allocation Committee in applying the policy.

Because specialists can expand their business only by increasing the number of their specialty stocks, allocation criteria and procedures and the performance evaluations on which they rely focus critical attention on customer service and ongoing improvement in the level of specialists' performance. The result is higher quality markets, benefiting the investing public, listed companies and member organizations.

This document presents the policy of the Exchange with respect to the allocation of equity securities: (1) when a common stock is to be initially listed on the Exchange; (2) when a security is to be reallocated as a result of disciplinary or other proceedings under Exchange Rules 103A –

NYSE Alternext Equities and Disciplinary Rules 475 and 476; or (3) when a specialist unit voluntarily surrenders its registration in a security as a result of possible disciplinary or performance improvement action, and the allocation of Exchange-Traded Funds admitted to trading on the Exchange on an unlisted trading privileges basis (see Section VIII). The purpose of the allocation system is: (1) to ensure that securities are allocated in an equitable and fair manner and that all specialist units have a fair opportunity for allocations based on established criteria and procedures; (2) to provide an incentive for ongoing enhancement of performance by specialist units; (3) to provide the best possible match between specialist unit and security and (4) to contribute to the strength of the specialist system. Admitted to Trading on the Exchange on an Unlisted Trading Privileges Basis.

II. ALLOCATION COMMITTEE

Responsibility

The Allocation Committee has sole responsibility for the allocation of securities to specialist units under this policy pursuant to authority delegated by the Board of Directors, and is overseen by the Quality of Markets Committee of the Board ('QOMC'). The Allocation Committee renders decisions based on the allocation criteria specified in this policy (see Section IV). Allocation decisions are published for Exchange Floor members and are communicated to listing companies by Exchange staff. The Allocation Committee gives periodic reports to the QOMC.

Composition

The composition of the Allocation Committee is intended to maximize expertise and objectivity in the allocation process.

To this end, the committee is comprised of 6 Floor brokers, including 3 broker Governors (1 of whom may be an independent/two dollar broker), 3 other Floor brokers from the Allocation Panel (1 of whom must be an independent/two dollar broker); 2 allied members from the Market Performance Committee or the panel; and 1 representative of an institutional investor organization from the Market Performance Committee or the panel. Commission brokers contribute their experience in conducting business with specialists, as well as broad-based knowledge of units on the Floor. Therefore, they have the largest representation on the committee. Allied members and representatives of institutional investor organizations often provide a perspective on the trading characteristics of new listings and experience as an off-Floor customer of the specialists. Including Governors on the committee adds comprehensive knowledge of specialist performance as well as a broad perspective and expertise relating to the Exchange.

The 9-member committee is chosen from an Allocation Panel (See Section III), which includes Floor brokers, allied members, representatives of institutional investor organizations, Governors, Senior Floor Officials and Executive Floor Officials. Selection of committee members within the appropriate member categories is random as to individuals, but an effort is made to appoint individuals who have not yet served on the committee before reappointing past committee members. The Exchange also tries to provide a balanced Floor geographical mix. Efforts are also made to include no more than one broker or allied member whose firm is affiliated with a specialist unit.

Term of service

Committee members serve 4-month terms, and every two months four or five members are rotated, thereby fostering continuity and objectivity in the decision-making process.

A committee member whose term has expired is ineligible for consecutive reappointment, but after two months is eligible for further service if again randomly selected.

Quorum requirement

A full Allocation Committee affords optimal participation, and every effort is made to have 9 members for each allocation decision. Whenever standing committee members are unable to serve for a particular meeting or must abstain from deliberations regarding particular stocks, randomly selected panel members may substitute to complete a 9-member committee. A quorum requirement is established so that allocation decisions can otherwise be made, provided there are 7 members including 6 Floor brokers, at least two of whom are Governors, and 1 allied member. The presence of the representative of the institutional investor organization is not required for a quorum. In the event that any of the broker Governors on the standing committee are not able to attend an Allocation Committee meeting, or are unable to participate in the allocation of a particular stock, the Exchange first seeks to substitute for such Governor(s) with another broker Governor on the panel. If no such Governor is available, a Senior Floor Official or Executive Floor Official broker on the panel who is not currently a standing member of the Allocation Committee may serve as a substitute for a Governor for the purpose of meeting the Governor quorum requirement. If no Senior Floor Official or Executive Floor Official broker on the panel is available, any Senior Floor Official or Executive Floor Official broker on the standing committee may substitute for the absent Governor(s) for the purpose of meeting the Governor quorum requirement. The Exchange seeks as a substitute a Senior Floor Official or Executive Floor Official who is not currently a standing member of the Allocation Committee in order to maximize the level of seniority of the standing committee. In the event no current Floor broker, or allied panel member is available, a former Allocation Committee chairman may substitute, but may not substitute for a Governor for the purpose of meeting the Governor quorum requirement, unless such former Allocation Committee chairman is a Senior Floor Official or Executive Floor Official on the panel. A former chairman brings unique experience and expertise to the process.

Chairman

The Allocation Committee chairman is selected from among the Floor brokers on the standing committee whose firms conduct business with the public, as well as Governors. (Governors and brokers whose firms are affiliated with a specialist unit are ineligible to serve as chairman.) All candidates for chairman must have experience on the Allocation Committee to qualify. The chairman is elected by current Allocation Committee members, including outgoing members, and members of the committee who will be serving at the time of the chairman's appointment.

While allocation decisions are made by the committee as a whole, the chairman's role calls for leadership in conducting meetings in accordance with policy and procedure, emphasizing the importance of preserving the integrity of the allocation process, the committee's responsibility to

serve the best interests of the public and the Exchange, and the need to suspend individual interest and avoid possible conflicts of interest.

In order to foster a complete understanding of and ensure consistency of the allocation process, each new chairman is elected two months prior to the commencement of his or her term as chairman. The eligible members will thus include the brokers with 4 months remaining in their committee terms, plus the brokers selected for rotation onto the committee two months hence. The chairman will serve until the end of his or her committee term (i.e., two to six months).

If elected prior to the commencement of his or her committee term the chairman-elect will attend meetings as an observer and discuss the allocations with the current chairman. If already serving on the committee, the chairman-elect will likewise discuss the meetings with the current chairman. Orientation of each new chairman will also be provided by former chairmen of the Allocation Committee and by the Quality of Markets Committee. A standardized agenda for education of new chairmen will be made available.

Committee member abstentions

In making allocation decisions pursuant to this policy, it is the responsibility of each Allocation Committee member to adhere strictly to the approved allocation criteria. A committee member who feels he or she cannot abide by the criteria due to potential conflict of interest (e.g., allocation involving a relative, a financial interest, relief specialists, etc.) should disqualify himself or herself from the deliberations.

If an Allocation Committee member has an investment banking relationship (defined as manager or co-manager of an underwriting group) or is in an advisory fee relationship with an about-to-be listed company, that committee member must abstain from allocation deliberations with respect to that particular stock. A broker or allied member whose firm is affiliated with a specialist unit must abstain from deliberations regarding allocation of a stock for which that unit has applied.

Committee disclosure

The names of the standing committee members will be kept confidential. Allocation Committee books will not be delivered to committee members on the trading Floor. Committee members will pick up their books at the Committee Support Services area.

Committee information

Allocation policy provides the application form and related written correspondence as the means by which interested parties transmit to the Allocation Committee information pertinent to allocations. Exchange members and investment bankers may not initiate contact with Allocation Committee members pertaining to an upcoming allocation. Allocation Committee members will enforce this prohibition. Allocation decisions are made by the committee as a whole, based on the published allocation criteria. Under all circumstances the confidentiality of the Allocation Committee's deliberations is paramount.

Observation of Committee Meetings

All incoming committee members are expected to observe as many committee meetings as possible prior to the commencement of their committee terms.

III. ALLOCATION PANEL

Composition

The composition of the Allocation Panel reflects the committee structure and includes 28 Floor brokers, 15 allied members (including the 7 allied members serving on the Market Performance Committee), 11 representatives of institutional investor organizations (including the 7 representatives of institutional investor organizations serving on the Market Performance Committee), the 10 Floor broker Governors who are part of the panel by virtue of their appointment as Governors, and a minimum of 5 Senior Floor Official or Executive Floor Official brokers that have been appointed to the panel.

Selection

Panel members are nominated by the membership. A selection committee, appointed by the Executive Floor Governors, reviews the nominations and recommends panel appointments to the Executive Floor Governors, who finalize recommendations for presentation to the QOMC. The selection committee operates in accordance with such guidelines as are established and made known to the membership from time to time. The selection committee and, in turn, the Executive Floor Governors seek to develop a representative panel that maximizes professional expertise and broad exposure on the Floor by including members from various types of firms and from diverse locations on the Floor. To the maximum extent possible, the Floor members on the panel are expected to be a core group of experienced, senior professionals, such as former Allocation Committee chairmen, Senior Floor Officials, Executive Floor Officials, and current and former Floor Governors.

In the case of allied members and representatives of institutional investor organizations, the allied member organization and the institutional investor organization are appointed to the panel. The individual representative is then selected by the organization. An Executive Floor Governor gives guidance to the organization in selecting an appropriate representative.

Eligibility

Professional expertise and experience are essential to the excellence of the allocation system. Therefore, a Floor member must have a minimum of 5 years experience as a member on the Floor in order to be eligible for appointment to the Allocation Panel. In the case of allied members and representatives of institutional investor organizations, the organization shall select a representative with at least 5 years of trading experience in listed equities and a senior position on the trading desk, and each may designate one alternate who meets the Panel qualifications, subject to approval by the Executive Floor Governors.

Term of service

Panel members are appointed to serve a one-year term. They may serve a maximum of 6 consecutive one year terms. Once a panel member has served a total of two 4-month committee

terms, the member is rotated off the panel at the next annual meeting of the Exchange. The panel members serve staggered terms so that every 2 months 4 or 5 members rotate from the committee. Once rotated off, the member is ineligible for appointment to the panel for one year. Governors are not subject to the two committee term restriction, but remain on the panel for as long as they are Governors. Senior Floor Officials and Executive Floor Officials are subject to annual reappointment, but are not subject to the two committee term restriction and are not limited to a maximum of six consecutive one year terms.

IV. ALLOCATION CRITERIA

Allocation decisions under this policy are based on the professional judgment of the Allocation Committee in applying specified criteria.

In order to ensure that a single criterion is not afforded too great a weight in any allocation decision, and in order to ensure consistency in the allocation process, the Allocation Committee will base its decisions on the following:

During the period commencing June 8, 2007 and ending no later than September 30, 2008 ('Moratorium'), the results of the SPEQ shall no longer serve as criteria in the decision to allocate a security to a specialist unit.

During the Moratorium, timeliness of DOT turnaround and response to administrative messages shall no longer serve as criteria in the decision to allocate a security to a specialist unit.

- (i) results of the Specialist Performance Evaluation Questionnaire ('SPEQ') (to be given 25% weight);
- (ii) objective performance measures; and
- (iii) the committee's expert professional judgment in considering the SPEQ, objective measures of performance, and other criteria as enumerated below.

Set forth below are the criteria, followed by an explanation of each:

- SPEQ
- Objective performance measures
- Professional judgment
- Listing company input
- Allocations received
- Capital deficiency, disciplinary actions, justifiable complaints
- Foreign listing considerations

Specialist Performance Evaluation Questionnaire

The SPEQ includes several facets. Professional judgment determines the relative weight of the various aspects listed below:

- (a) ratings in the current quarter, particularly relative to other applicants;
- (b) improved ratings;
- (c) ratings over time (e.g., 4 quarters), to consider possible aberrations in ratings;
- (d) the strengths of the individual specialist designated by the unit to handle the stock, relative to the strengths of the specialists designated by other applicants, as indicated by SPEQ comments that frequently refer to performance of individuals;
- (e) ratings and written comments on specific specialist functions in relation to particular characteristics of the new listing; and
- (f) written SPEQ comments as to the performance of the entire unit.

Objective measures of performance

The objective performance measures include TTV, stabilization, capital utilization, near neighbor analysis and such other measures as may be adopted. Objective measures in Rule 103A – NYSE Alternext Equities include:

- (a) timeliness of regular openings;
- (b) promptness in seeking Floor official approval of a non-regulatory delayed opening;
- (c) timeliness of DOT turnaround; and
- (d) response to administrative messages.

The objective measures are reported to the Allocation Committee as a ‘pass’ or ‘fail’ as specified in Rule 103A – NYSE Alternext Equities.

Specialist dealer performance is measured in terms of participation (TTV); stabilization; capital utilization, which is the degree to which the specialist unit uses its own capital in relation to the total dollar value of trading in the unit’s stocks; and near neighbor analysis, which is a measure of specialist performance and market quality comparing performance in a stock to performance of stocks that have similar market characteristics. The Allocation Committee receives the most recent data available and historical data with respect to each applicant’s performance in relation to other units evaluated during the same time period.

The Allocation Committee is informed if an applicant has been subject to a performance improvement action in the most recent four quarters.

Although stocks are allocated to units, as noted above, the committee may give consideration to the person who will serve as the specialist. Therefore, it is important that the application accurately represent the unit’s plans as to the individual who will handle the stock.

Professional judgment

The expert, professional judgment of the members of the Allocation Committee is crucial to the allocation decision-making process. Decisions are based on professional judgment, rather than mathematical calculation. Each committee member evaluates the data and determines how the specified criteria should be applied in each allocation, based on his or her expertise and experience from the viewpoint of his or her role in the Exchange community. In addition to the SPEQ and the objective performance measures described above, the committee also considers listing company input, allocations received, capital and disciplinary and cautionary data, as detailed below.

Listing Company Input

Listing on the Exchange is a significant development for a company, and the assignment of a specialist through the allocation process is an important step. The Exchange's Allocation Policy is intended to provide listing companies with a choice of alternatives as to how their specialist unit may be selected. The listing company may choose to have its specialist unit selected by the Allocation Committee, in accordance with the criteria specified in the Allocation Policy, and the exercise of the Committee's expert professional judgment. Alternatively, the listing company may choose to become more directly involved in the selection process. In that case, the company may request that the Allocation Committee select specialist units that would be appropriate to trade the company's stock, with the company then making the final selection from among the group of units as chosen by the Allocation Committee. Such a group shall consist of three, four, or five units, selected by the Committee as demonstrably deemed to be the most qualified to receive such allocation from among the units that apply, based upon the criteria set forth in this policy, and shall include or exclude units as set forth in this policy. If three units are selected, the Allocation Committee may select an alternate to be among the group of units that a company may interview in the event a unit is eliminated. A unit chosen as an alternate will be informed of its status as such. These procedures shall apply to the allocation of a newly-listing company, as well as the reallocation of an already listed company.

Specialist Unit Selected by Allocation Committee. If the listing company so chooses, the Allocation Committee shall select the specialist unit to be allocated the company's stock based on the Committee's expert assessment of the type of specialist unit that would be most appropriate for the company, and the Committee's professional evaluation of performance data and other relevant information as specified in the Allocation Policy. The listing company may submit a letter to the Allocation Committee which focuses on describing the characteristics of the listing company (e.g., history of and background about the company and its industry; how the company historically has funded its operations; characteristics of its shareholder base and any unusual trading patterns that may result therefrom; and any public information regarding the company's plans for the future) which it believes would be appropriate for the Allocation Committee and the unit that would be selected to trade its stock to know. The letter may also include the company's views on being traded by units which are experienced in trading companies in its industry or country. The listing company may not, however, identify any particular specialist unit in its letter, or specify characteristics of a specialist unit so unique as to be applicable only to a readily identifiable specialist unit.

Specialist Unit Selected by Listing Company. If the listing company so chooses, it may request that the Allocation Committee select specialist units that would be appropriate to trade the company's stock, with the company then making the final selection. If the listing company chooses this alternative, the company may either make no communication to the Allocation Committee, or it may submit a letter to the Committee which focuses on describing the characteristics of the listing company (e.g., history of and background about the company and its industry; how the company historically has funded its operations; characteristics of its shareholder base and any unusual trading patterns that may result therefrom; and any public information regarding the company's plans for the future) which the company believes would be appropriate for the Committee and the units to be selected by the Committee to know. The letter may also include the company's views on being traded by units which are experienced in trading companies in its industry or country. The listing company may not, however, identify any particular specialist unit in its letter, or specify characteristics of a specialist unit so unique as to be applicable only to a readily identifiable specialist unit.

In any case where a listing company believes that a particular specialist unit has been instrumental in helping it reach a decision to list on the Exchange, the listing company may communicate this fact in a separate letter to the Allocation Committee. Such separate letter may mention only one specialist unit. Such separate letter shall not be made available to specialist unit applicants for the listing company's stock. The Allocation Committee shall include the specialist unit named in such separate letter in the group of units selected to meet with the listing company, unless such specialist unit is otherwise precluded under this Policy from applying to be allocated a stock.

Meetings Between Listing Company and Specialist Units. By the close of business on the last Exchange business day of the week in which the selection of a group of specialist units as described above takes place (unless the Exchange has determined to permit a longer time period in a particular case), the listing company shall meet with representatives of each of the specialist units. Meetings shall normally be held at the Exchange, unless the Exchange has agreed that they may be held elsewhere. At least one representative of the listing company must be a senior official of the rank of Corporate Secretary or above of that company. In the case of the listing of a structured product, a senior officer of the issuer may be present in lieu of the Corporate Secretary. No more than three representatives of each specialist unit may participate in the meeting, each of whom must be employees of the specialist unit, and one of whom must be the individual who is proposed to trade the company's stock.

Teleconference meetings will be permitted at the request of non-U.S. listing companies, or for U.S. listing companies in compelling circumstances and with the approval of the Exchange.

Listing Company's Selection of Specialist Unit. As soon as practicable following its meeting with representatives of the specialist units, the listing company shall select its specialist unit in writing, signed by a senior official of the rank of Corporate Secretary or higher, or in the case of a structured product listing, a senior officer of the issuer, duly authorized to so act on behalf of the company. If a listing company meets with any of its specialist units on the last Exchange business day of the week, it shall make its decision on that day. The Allocation Committee shall then confirm the allocation of the stock to that unit, at which time the stock shall be deemed to have been so allocated.

Allocation Applications. In their applications for the allocation of a listing company's stock, specialist units must describe all pertinent factors as to why they believe they should be allocated the stock. At a minimum, such factors should include how the unit will allocate resources (staff and/or capital) to accommodate this new issue and what new resources, if any, will the unit need to acquire to service this stock; identity and experience of the individual proposed to trade the stock, with a description of other securities traded by that individual; and a discussion of why that individual is appropriate to trade the listing company's stock. If the listing company has submitted a letter to the Allocation Committee as permitted herein, a copy of such letter shall be made available to all specialist units. In their applications to be allocated the stock of such company, specialist units shall be expected to indicate how they meet any characteristics described in the company's letter. If, within six months of the date a newly-listed company begins trading on the Exchange (or a company which has been reallocated begins trading with its new unit), the specialist unit determines that the individual specialist who trades the company's stock should be an individual other than the one named in the allocation application, the specialist unit shall so inform the Allocation Committee, in writing, and disclose its reasons therefor. These letters shall be maintained in the permanent records of the Committee.

Contact between listing companies and specialist units

Specialist units must describe in their applications to be allocated the stock of a listing company any contacts they, or any individual acting on their behalf, have had with any employee of that company, or any individual acting on behalf of that company with regard to its prospective listing on the Exchange, within six months prior to the earlier of the date that written notice is given that the listing company filed its listing application with the Exchange or the date that allocation applications are solicited with respect to that company.

Specialist units or any individual acting on their behalf may not have any contact with a listing company from the earlier of the time that written notice is given that the listing company filed its listing application with the Exchange; or the time that the allocation applications are solicited with reference to that company. (Information about the listing company is distributed to specialists on the stock data sheet by the Exchange.) Once a specialist unit is selected to be in the group of units chosen by the Allocation Committee, it may provide material to the Exchange which will be given to the listing company on the day of the scheduled interview. Such material shall be given to the Exchange no later than two hours before the scheduled interview with the listing company. Such material must be limited to information pertaining to the specialist unit, and may not contain information that refers to another specialist unit or units, except overall floorwide statistics. Any material pertaining to the specialist unit's performance as a specialist may not be provided on Exchange documents but may be supplied on the specialist unit's own letterhead.

At an interview with a listing company, a specialist unit may not supply information concerning another specialist unit or units either orally or in writing, except it may refer to overall floorwide statistics. Information concerning the specialist unit contained in Exchange documents may be provided either orally or in writing on the specialist's own letterhead.

Following its interview, a specialist unit may not have any contact with a listing company. If a listing company has a follow-up question regarding any specialist unit(s) it interviewed, it must

be conveyed to the Exchange. The Exchange will contact the unit(s) to which the question pertains and will provide any available information received from the unit(s) to the listing company.

Allocations received

The committee is provided information on allocations received by each unit in the preceding year and the current year, the number of applicants for those stocks allocated in the past and the number of stocks lost through corporate mergers, delistings or other such events over which the specialist has no control. While a recent allocation does not preclude a unit from being awarded a subsequent new listing, the committee considers such factors in comparing similarly qualified applicants.

Capital deficiency information

The committee is informed of any applicant that is in capital violation, or is potentially in violation, based on a current check of estimated capital data (conducted between the application deadline and the date of the allocation meeting). A unit with a capital deficiency will be informed in advance of the meeting and may provide information for the committee explaining the circumstances of the unit's capital situation. The unit's capital history will also be provided (frequency of past violations and borderline situations).

Disciplinary and cautionary data

The committee is informed of disciplinary and cautionary actions, as described below.

Cautionary letters and summary fines regarding market maintenance are reported for 12 months beginning at the time of issuance.

All other cautionary letters and summary fines are reported for 6 months beginning at the time of issuance.

The preceding parameters apply equally to disciplinary or cautionary actions that result from a justifiable complaint (public or institutional complaint received via correspondence).

The committee is informed of significant pending enforcement matters. The investigations are included in an allocation file when the commencement of an enforcement action is authorized. If formal disciplinary action is ultimately taken, the item would remain in the file for 12 months after a Hearing Panel decision is final.

Foreign listing considerations

The special characteristics of foreign issues often require the specialist to commit extra resources in order to be a presence in the foreign market. Therefore, in allocating a foreign issue, the committee also considers a specialist applicant's commitment to establish and maintain relationships with arbitrage houses and foreign brokerage firms, and to gain familiarity with various aspects of trading securities of foreign issuers.

V. POLICY NOTES

Spin-offs and listing of related companies

If a listing company is a spin-off of or a company related to a listed company, the listing company may choose to stay with the specialist unit registered in the related listed company or be referred to the Allocation Committee. If the matter is referred to the Allocation Committee, all specialists are invited to apply. Information about the relationship to a listed company and the name of the specialist involved, is included on the stock data sheet inviting specialist applications. The same information is provided to the committee for consideration in its deliberations regarding the allocation of the new listing. If the listing company chooses to have its specialist unit selected by the Allocation Committee in accordance with the procedures set forth herein for a newly-listing company, the Allocation Committee shall honor the company's request not to be allocated to the specialist unit that traded the related listed company. Alternatively, if the listing company chooses to select its specialist unit from among a group of units selected by the Allocation Committee, the Allocation Committee shall honor the listing company's request to include or exclude from the group the specialist unit that traded the related listed company.

Relistings

Relistings are treated as new listings, with allocation open to all units. Information about the prior listing and the name of the specialist involved, is included on the stock data sheet inviting specialist applications. The same information is provided to the committee for consideration in their deliberations regarding the allocation of the new listing. While committee members use their own judgment to determine what consideration, if any, should be given to that information, a relisting company's request not to be allocated to its former specialist unit will be honored.

Common Stock listing after Preferred Stock

When a company applies to list an issue of common stock after having listed a preferred issue, the common stock is referred to the Allocation Committee, with allocation open to all units. Information about the preferred stock and the name of the specialist involved, is included on the stock data sheet inviting specialist applications. The same information is provided to the committee for consideration in its deliberations regarding the allocation of the common listing. The company may choose to have its specialist unit selected by the Allocation Committee, or it may choose to select its specialist unit from among a group of units selected by the Allocation Committee. The specialist unit that trades the preferred stock must be included in such group of units.

Listed Company Mergers

When two Exchange listed companies merge, the merged entity is assigned to the specialist in the company that is determined to be the survivor-in-fact (dominant company). Where no surviving/dominant entity can be identified, the merged company may select one of the units trading the merging companies without the stock being referred to the Allocation Committee, or it may request that the matter be referred to the Allocation Committee. If the merging company chooses to have its specialist unit selected by the Allocation Committee, the company may not request that the Allocation Committee not allocate the stock to one of the specialist units trading the

merging company. If the merging company chooses to select its specialist unit from among a group of units selected by the Allocation Committee, such group must include the specialist units of the merging companies and must include additional unit(s). The number of additional units must be consistent with the requirement that each such group consist of three to five units. The merging company may not request that any of the units trading the merging companies be excluded. In situations involving the merger of a listed company and an unlisted company, where the unlisted company is determined to be the survivor-in-fact, such company may choose to remain registered with the specialist unit that had traded the listed company entity in the merger, or it may request that the matter be referred to the Allocation Committee. In such a case, applications will be invited from all specialist units, if the unlisted company chooses to have its specialist unit selected by the Allocation Committee, the company may not request that the Allocation Committee not allocate the stock to the specialist unit that had traded the listed company. If the unlisted company chooses to select its specialist unit from among a group of units selected by the Allocation Committee, such group must include the specialist unit that had traded the listed company. The unlisted company may not request that the specialist unit that had traded the listed company be excluded.

‘Target’ Stock. If a tracking (‘target’) stock(s) is issued by a listed company, the listed company may choose to have its newly-issued tracking stock(s) stay with the specialist unit registered in the listed company that issued the tracking stock(s) or be referred to the Allocation Committee. If the matter is referred to the Allocation Committee, all specialists are invited to apply. Information about the relationship to a listed company and the name of the specialist involved, is included on the stock data sheet inviting specialist applications. The same information is provided to the committee for consideration in its deliberations regarding the allocation of the new listing. If the listed company chooses to have the specialist of the tracking stock(s) selected by the Allocation Committee in accordance with the procedures set forth herein for a newly-listing company, the Allocation Committee shall honor the listed company’s request not to have this tracking stock allocated to the specialist unit that traded the listed company. Alternatively, if the listed company chooses to select the specialist unit of the tracking stock(s) from among a group of units selected by the Allocation Committee, the Allocation Committee shall honor the listed company’s request to include or exclude from the group the specialist unit that traded the listed company. The specialist unit registered in such stock prior to a separate listing shall remain registered in such stock after its separate listing, unless the listing company requests that the matter be referred to the Allocation Committee. In such a case, applications will be invited from all specialist units, and the Allocation Committee shall honor the company’s request not to be allocated to the specialist unit that had traded the ‘target’ stock. Alternatively, if the listing company chooses to select the specialist unit of the separately listing stock from among a group of units selected by the Allocation Committee, the Allocation Committee shall honor the listing company’s request to include or exclude from the group the specialist unit that had traded the ‘target’ stock.

Allocation of Group of Closed-End Management Investment Companies (‘Funds’)

In any case where all the Funds in a group of closed-end management investment companies are being listed concurrently with a common investment adviser or investment advisers who are ‘affiliated persons’ pursuant to the alternate criteria in Section 102.04 of the Listed Company Manual (for groups where one or more Funds do not meet the ordinary requirement for public market value of \$60,000,000), the entire group should be allocated to one specialist unit, unless

there are factors, such as the number of funds in the group, the types of funds, or the relative values of the funds, which the Allocation Committee believes make allocation to more than one unit appropriate.

Allocation Freeze Policy

In the event that a specialist unit: (i) loses its registration in a specialty stock as a result of proceedings under Exchange Rules 103A – NYSE Alternext Equities or Disciplinary Rules 475 or 476; or (ii) voluntarily withdraws its registration in a specialty stock as a result of possible proceedings under those rules, the unit will be ineligible to apply for future allocations for the six month period immediately following the reassignment of the security ('Allocation Prohibition').

Following the Allocation Prohibition, a second six month period will begin during which a specialist unit may apply for new listings, provided that the unit demonstrates to the Exchange relevant efforts taken to resolve the circumstances that triggered the Allocation Prohibition. The determination as to whether a unit may apply for new listings will be made by the staff of NYSE Regulation, in consultation with the Executive Floor Governors. The factors the staff will consider will vary depending on the unit's particular situation, but may include one or more steps such as:

- supplying additional manpower/experience;
- changes in professional staff;
- attaining appropriate dealer participation;
- enhancing back-office staff; and
- implementing more stringent supervision/new procedures.

Allocation Sunset Policy

Allocation decisions shall remain effective with respect to any initial public offering listing company which lists on the Exchange within three months of such decision. In situations in which the selected specialist unit merges or is involved in a combination within the three-month period, the company may choose whether to stay with the selected specialist unit, or be referred to allocation. If a listing company does not list within three months, the matter shall be referred again to the Allocation Committee, with applications invited from all units.

Support of the allocation system

The Allocation Committee views positively a specialist unit's applying for a broad range of issues.

Criteria for applicants that are not currently specialists

Since an entity seeking to enter the specialist business does not have a history directly comparable to that of existing units, the Allocation Committee considers the following criteria with respect to applicants that are not currently specialists.

1. Individuals proposed as specialists must have successfully completed the Exchange's specialist examination.
2. The proposed unit must demonstrate that it understands the specialist business, including the needs of brokers, their organizations, and their customers.
3. The proposed unit must demonstrate an ability and willingness to trade as necessary to maintain fair and orderly markets with depth and liquidity, and facilitate the execution of orders.
 - a) The proposed unit should indicate the extent of its capital commitment to specializing over and above the minimum capital requirements.
 - b) The proposed unit must have sufficient specialist and clerical support dedicated to maintaining and servicing the market in a specialty stock.
 - c) If the proposed specialist unit or any of its participants is presently a specialist or market maker on any exchange, performance during the prior 12 months, as evidenced by available data maintained by such exchange which evaluates the quality of performance of the unit or its participants as a specialist or market maker on such exchange, will be considered by the Allocation Committee.
4. Other factors that will be considered by the Allocation Committee include any action taken or warning issued within the past 12 months by any regulatory or self regulatory organization against the unit or any of its participants with respect to any capital or operational problem, or any regulatory or disciplinary matter.

Change of Specialist Unit upon Request of Issuer

When an issuer has requested a change of specialist unit, that unit may apply for the allocation consistent with the policies and procedures set forth in this Rule 103B – NYSE Alternext Equities. If the specialist unit does not apply for such allocation, the unit may not be allocated the security under the provisions of this rule relating to selection of a specialist unit by the Allocation Committee (Option 1).

No negative inference for allocation or regulatory purposes is to be made against a subject specialist unit in the event that a specialist unit is changed. Similarly, the specialist unit shall not be afforded preferential treatment in subsequent allocations as a result of a change pursuant to such provision.

VI. PROCEDURES

Applications

Whenever a security is to be allocated to a specialist unit, all specialist units are invited to submit applications to the Exchange prior to the published deadline for the allocation of such security. The application of any specialist unit shall be in such form as shall be approved from time to time by the Exchange, but each applicant shall be free to submit in writing such additional

information in support of its application as it may wish to bring to the attention of the Allocation Committee.

Blanket applications

All specialist units shall be deemed to have filed with the Exchange a blanket application pursuant to which the applicant agrees to accept the allocation of any security. Any security allocated to a specialist unit on the basis of its blanket application shall not be reflected in the records of the Exchange as a 'security gained' nor shall it prejudice that unit's eligibility for future allocations.

Decision making

An allocation decision pursuant to this policy is made on the basis of the specified criteria, by a majority vote of the committee members present at the meeting and eligible to vote on such matter.

Announcement

Written notice of the name and post location of the successful applicant are made known to the members of the Exchange and to the issuer of the security allocated.

Registration of Specialists

Each member associated with the specialist unit to which any security is allocated who acts as a regular specialist in such security shall be registered as a specialist in such security pursuant to Rule 103 – NYSE Alternext Equities.

VII. EDUCATION

Education of all participants is a key to ensuring continued quality and consistency in the allocation process. A summary of the education process follows:

New panel members receive an orientation conducted by former Allocation Committee chairmen and staff, and serve as observers at meetings before their terms begin. A standardized agenda for educating Allocation Committee members will be made available.

The new Allocation Committee chairman is elected two months in advance of his or her appointment to provide time to observe and learn from the existing chairman. The newly elected chairman also receives an orientation by former committee chairmen and the Quality of Markets Committee. A standardized agenda for educating new chairmen will be made available.

Educational efforts regarding the allocation process are offered periodically for specialists as well as the general membership.

VIII. POLICY FOR ALLOCATION OF EXCHANGE-TRADED FUNDS ADMITTED TO TRADING ON THE EXCHANGE ON AN UNLISTED TRADING PRIVILEGES BASIS

Exchange Traded Funds ('ETFs') admitted to trading on the Exchange on an unlisted trading privileges basis shall be allocated pursuant to this Policy rather than the Exchange's policy for allocating securities to be listed on the Exchange.

ETFs shall be allocated by a special committee consisting of the Chairman of the Allocation Committee, the three most senior Floor broker members of the Allocation Committee, and four members of the Exchange's senior management as designated by the Chief Executive Officer of the Exchange. This committee shall solicit allocation applications from interested specialist units, and shall review the same performance and disciplinary material with respect to specialist unit applicants as would be reviewed by the Allocation Committee in allocating listed stocks. The committee shall reach its decisions by majority vote with any tie votes being decided by the Chief Executive Officer of the Exchange. Specialist unit applicants may appear before the committee.

Special Criteria

In their allocation applications, specialist units must demonstrate:

- (a) an understanding of the trading characteristics of ETFs;
- (b) expertise in the trading of derivatively-priced instruments;
- (c) ability and willingness to engage in hedging activity as appropriate;
- (d) knowledge of other markets in which the ETF to be allocated trades;
- (e) willingness to provide financial and other support to Exchange marketing and educational initiatives with respect to the ETF to be allocated.

Allocation Freeze Policy

The Allocation Freeze Policy as stated in the Allocation Policy for listed stocks shall apply.

Prohibition on Functioning as Specialist in ETF and Specialist in any Component Security of the ETF

No specialist member organization may apply to be allocated an ETF if it is registered as specialist in any security which is a component of the ETF unless, prior to such allocation, such specialist member organization demonstrates to the satisfaction of the Exchange that all information regarding the activities of such specialist member organization with regard to its trading of registered ETFs is effectively separated from all persons within such member organization trading component securities of such ETF, and conversely that all information regarding the activities of such specialist member organization in its registered securities is effectively separated from all persons trading its registered ETFs. A specialist member organization which is registered as specialist in a component stock of an ETF may in the alternative establish a separate member organization which may apply to be the specialist in an ETF. The

approved persons of such ETF specialist member organization must obtain an exemption from specified specialist rules pursuant to Rule 98 – NYSE Alternext Equities.

If, subsequent to an ETF being allocated to a specialist member organization, a security in which the specialist member organization is registered as specialist becomes a component security of such ETF, the specialist organization must (i) withdraw its registration as specialist in the security which is a component of the ETF; or (ii) withdraw its registration as specialist in the ETF; or (iii) demonstrate to the satisfaction of the Exchange the existence of physical and procedural information barriers to assure the effective separation of information regarding trading in ETFs and in its component securities; or (iv) establish a separate specialist member organization, which will be registered as specialist in the ETF and whose approved persons have received an exemption from specified specialist rules pursuant to Rule 98 – NYSE Alternext Equities.

IX. PROVISIONS FOR ALLOCATION OF SECURITIES ISSUED BY NYSE EURONEXT OR ITS AFFILIATES

With respect to any security issued by NYSE Euronext and any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with NYSE Euronext, where ‘control’ means that one entity possesses, directly or indirectly, voting control of the other entity either through ownership of capital stock or other equity securities or through majority representation on the board of directors or other management body of such entity (‘NYSE Euronext Affiliate’):

(a) Where the issuer chooses to select its specialist (as opposed to having its specialist selected by the Allocation Committee), the issuer shall have the right to determine the number and identity of the specialist firms that will be included in the group from which it shall choose a specialist, provided such group consists of at least four specialist firms.

(b) The issuer shall review the same material with respect to each specialist firm applicant as would have been reviewed by the Allocation Committee in allocating other securities.

(c) All other provisions of this rule shall continue to apply.

X. PROVISIONS FOR ALLOCATION OF LISTING COMPANIES TRANSFERRING FROM NYSE ARCA, INC. (‘NYSE ARCASM’) TO THE EXCHANGE

If a listing company transferring from NYSE ArcaSM to the Exchange was assigned a NYSE Arca Lead Market Maker firm (‘LMM firm’), which is also a registered specialist firm on the Exchange, then the listing company may waive the allocation process described above and select as its registered specialist firm the same firm that was previously assigned as the NYSE ArcaSM LMM firm. Alternatively, the listing company can choose to follow the regular allocation process and refer the matter to the Allocation Committee. If the listing company refers the matter to the Allocation committee, all specialist firms are invited to apply for such assignment.

(b) If the listing company chooses to have its specialist firm selected by the Allocation Committee, and requests not to be allocated to the specialist firm that was its NYSE ArcaSM LMM firm the Allocation Committee shall honor this request.

(c) If the listing company chooses to select its specialist firm from among a group of firms selected by the Allocation Committee, the Allocation Committee shall honor the listing company's request to include or exclude from the group the specialist firm that was its NYSE ArcaSM LMM firm.

XI. ALLOCATION OF EXCHANGE LISTED SECURITIES TO NYSE ALTERNEXT DESIGNATED POSTS

Securities listed on the Exchange shall only be assigned for trading at posts exclusively designated for trading securities listed on the Exchange. Specialist firms may only trade securities listed on the Exchange at posts exclusively designated for trading securities listed on the Exchange.

* * * * *

Dealings by Specialists

Rule 104 – NYSE Alternext Equities. (a) No specialist shall effect on the Exchange purchases or sales of any security in which such specialist is registered, for any account in which he, his member organization or any other member, allied member, or approved person, (unless an exemption with respect to such approved person is in effect pursuant to Rule 98 – NYSE Alternext Equities) in such organization or officer or employee thereof is directly or indirectly interested, unless such dealings are reasonably necessary to permit such specialist to maintain a fair and orderly market, or to act as an odd-lot dealer in such security.

(aa)(i) The specialist shall have the ability to algorithmically quote in any security in reaction to certain information, which will not include information about incoming orders as such orders are entering Exchange systems.

(ii) The specialist shall have the ability to algorithmically execute transactions against the Exchange best bid or offer ('Hit Bid/Take Offer') in any security in reaction to certain information, which will not include information about incoming orders as such orders are entering Exchange systems. Hit Bid/Take Offer messages will be processed by the Display Book in such a manner that specialists and other market participants will have a similar opportunity to trade with the Exchanges' published quotation.

(b) Specialists shall have the ability to establish systems employing algorithms to generate quoting and trading messages, as detailed below, which will be delivered to the Display Book® system via an external quote application programmed interface ('API').

(i) In reaction to information, including but not limited to, an incoming order as it is entering the Exchange systems, the specialist's system employing algorithms may generate messages for any of the following quoting or trading actions, provided such algorithmically-generated messages are in reaction to only one order at a time:

Quoting Messages:

- (A) supplement the size of the existing Exchange published best bid or offer;
- (B) place within the Display Book® system specialist reserve interest at the Exchange published best bid and offer as described in (d) below;
- (C) layer within the Display Book® system specialist interest at varying prices outside the published Exchange quotation ('specialist interest');
- (D) establish the Exchange best bid and offer; and
- (E) withdraw previously established specialist interest at the Exchange best bid and offer.

Trading Messages:

- (F) provide additional specialist volume to partially or completely fill an order either at the Exchange published best bid or offer price or at a sweep price;
 - (G) match better bids and offers published by other market centers where automatic executions are immediately available;
 - (H) provide price improvement to an order subject to the conditions set forth in (e) below; and
 - (I) trade with the Exchange published best bid or offer.
- (ii) Specialists may open a security on a quote when there is no opening trade by sending an automated opening message through the API (see Exchange Rule 123D – NYSE Alternext Equities).

(iii) Exchange systems shall:

(A) enforce the proper sequencing of incoming orders and algorithmically-generated messages; and

(B) ensure that algorithmically-generated messages to trade with the Exchange published best bid or offer are processed by the Display Book® in such a manner that specialists and other market participants have a similar opportunity to trade with the published quotation.

(c)(i) All algorithmically-generated messages delivered via the API must include a code identifying the reason for the algorithmic action, the unique identifier of the order to which the algorithmically-generated message is reacting, (if any), the unique identifier of the order immediately preceding the generation of the algorithmically-generated message and any other information the Exchange may require. In addition,

(A) Algorithmically-generated messages to trade with the Exchange published best bid or offer, as provided in (b)(i)(I) above, must include the unique identifier for the publicly-disseminated Exchange best bid or offer to which the algorithmic message is reacting.

(B) The Exchange will designate the reason codes, unique identifiers for orders and quotations and the format of any other required information for use in algorithmically-generated messages.

(C) Identification of a particular order and/or quotation in an algorithmically-generated message does not guarantee that the specialist will trade with that order or quotation or that the specialist has priority in trading with that order or quotation.

(D) The Exchange will automatically cancel algorithmically-generated messages that are unable to interact with the order or quotation identified by the message where the reason code and the proposed algorithmic action are inconsistent, where the message activity would create a locked or crossed market, where the identifiers described above in (c) are not designated, and in other similar situations.

(ii) The specialist system employing algorithms will not have access to the following types of information:

(A) information which identifies the firms entering orders, customer information, or an order's clearing broker;

(B) Floor broker agency interest files or aggregate Floor broker agency interest available at each price; or

(C) cancellation of an order, except for cancel and replace orders.

(iii) Algorithmically-generated messages must comply with all SEC and Exchange rules, policies and procedures governing specialist proprietary trading.

(iv) Algorithmically-generated messages must not create a locked or crossed market, as defined in Exchange Rule 19 – NYSE Alternext Equities.

(v) The Display Book® will not process algorithmically-generated messages during the time a block-size transaction (as defined in Rule 127 – NYSE Alternext Equities) involving orders on the Display Book® is being reported pursuant to manual reporting.

(vi) The Display Book® will not process algorithmically-generated messages when automatic executions are suspended, except:

(i) when automatic executions are suspended but autoquote is available, the Display Book® will process algorithmically-generated messages to improve the Exchange best bid or offer or supplement the size of an existing best bid or offer; and

(ii) where automatic executions and autoquote are suspended, the Display Book® will:

(1) process algorithmically-generated messages to layer within the Display Book® system specialist interest at prices outside the published Exchange quotation; and

(2) permit specialists to manually layer interest within the Display Book® system, as provided in (viii), below, at prices that are within a previously-established locking or crossing quotation.

(vii) Reserved.

(viii) Specialists shall have the ability to manually layer within the Display Book® system specialist interest, including reserve interest, at varying prices at and outside the Exchange best bid and offer. Such interest remains in the Display Book® system until traded with or cancelled.

(ix) Specialist algorithmically-generated messages will compete with or trade along with same-side discretionary e-QuotesSM in the manner described in Exchange Rule 70.25 – NYSE Alternext Equities.

(d)(i) Specialists shall have the ability to maintain undisplayed reserve interest on behalf of the dealer account at the Exchange best bid and offer provided at least one round-lot of dealer interest is displayed at that price on the same side of the market as the reserve.

(ii) After an execution involving specialist interest at the Exchange best bid or offer that does not exhaust the specialist's interest at that price, the specialist's displayed interest will be automatically replenished from the reserve interest, if any, so that at least one round-lot of specialist interest is displayed.

(iii) Specialist reserve interest will be on parity with Floor broker agency file reserve interest and, like it, shall yield to all other displayed interest eligible to trade at the Exchange bid or offer (See Rule 70.20(c) – NYSE Alternext Equities).

(e)(i) A specialist may provide algorithmically-generated price improvement to all or part of a marketable incoming order including an auction limit order and an auction market order provided the specialist is represented in a meaningful amount in the bid with respect to price improvement provided to an incoming sell order and in the offer with respect to price improvement provided to an incoming buy order. The price improvement to be supplied by the specialist must be at least one cent.

(ii) For the purposes of this rule, 'meaningful amount' shall constitute at least ten round-lots for the 100 most active securities on the Exchange, based on average daily volume, and at least five round-lots for all other securities on the Exchange. A list of the 100 most active securities on the Exchange will be disseminated quarterly, or more frequently, as the Exchange from time to time shall determine.

(f)(i) Each specialist firm shall maintain an electronic log of all algorithmically-generated messages, including the date and time of each algorithmically-generated message and such other information as the Exchange shall designate. Such log shall be maintained in accordance with SEC and Exchange rules regarding books and records and shall be capable of being provided to the Exchange upon request, in such time and in such format as the Exchange shall designate.

(ii) Each specialist firm shall notify the Exchange in writing, within such time as the Exchange shall designate, whenever the system employing algorithms or an individual algorithm is not operating and the time, cause, and duration of such non-operation.

(g) During the day, specialists on the Floor may interact with the system employing the firm's algorithms or an individual algorithm with respect to the securities they are trading by:

(i) activating or deactivating the firm's algorithms from a group of pre-set algorithms made available by the specialist firm, or

(ii) adjusting the firm's pre-set parameters guiding algorithm decision-making.

(h) Specialists must have an independent third party auditor review on an annual basis all specialist systems employing algorithms and all algorithms to ensure that they operate in accordance with all SEC and Exchange rules, policies, and procedures. The Exchange shall have the right to request originals and copies of any reports, notes, analysis, documents and similar types of materials prepared by or on behalf of, or reviewed by such independent auditor, as the Exchange deems appropriate.

(i) Each specialist firm shall certify in the time, frequency, and manner as prescribed by the Exchange, that the system employing its algorithms and all algorithms operate in accordance with all SEC and Exchange rules, policies and procedures.

••• Supplementary Material:

Functions of Specialists

.10 Regular specialists.—Any member who expects to act regularly as specialist in any listed stock and to solicit orders therein must be registered as a regular specialist.

The function of a member acting as regular specialist on the Floor of the Exchange includes, in addition to the effective execution of commission orders entrusted to him, the maintenance, in so far as reasonably practicable, of a fair and orderly market on the Exchange in the stocks in which he is so acting. This is more specifically set forth in the following:

(1) The maintenance of a fair and orderly market implies the maintenance of price continuity with reasonable depth, and the minimizing of the effects of temporary disparity between supply and demand.

(2) In connection with the maintenance of a fair and orderly market, it is commonly desirable that a member acting as specialist engage to a reasonable degree under existing circumstances in dealings for his own account when lack of price continuity, lack of depth, or disparity between supply and demand exists or is reasonably to be anticipated.

(3) Transactions on the Exchange for his own account effected by a member acting as specialist must constitute a course of dealings reasonably calculated to contribute to the maintenance of price continuity with reasonable depth, and to the minimizing of the effects of temporary disparity between supply and demand, immediate or reasonably to be anticipated.

Transactions not part of such a course of dealings or in acting as an odd-lot dealer are not to be effected.

(4) A specialist's quotation, made for his own account, should be such that a transaction effected thereon, whether having the effect of reducing or increasing the specialist's position, will bear a proper relation to preceding transactions and anticipated succeeding transactions.

(5)(i) Transactions on the Exchange by a specialist for the specialist's account are to be effected in a reasonable and orderly manner in relation to the condition of the general market, the market in the particular stock and the adequacy of the specialist's position to the immediate and reasonably anticipated needs of the round-lot and the odd-lot market.

(a) The following types of transactions are permitted when they are reasonably necessary to render the specialist's position adequate to such markets' needs:

(I) Neutral Transactions

(a) Definition - A neutral transaction is a purchase or sale by which a specialist liquidates or decreases a position.

(b) Neutral Transactions may be made without restriction as to price.

(c) Re-entry Obligation Following Neutral Transactions - The specialist's obligation to maintain a fair and orderly market may require re-entry on the opposite side of the market trend after effecting one or more Neutral Transactions. Such re-entry transactions should be in accordance with the immediate and anticipated needs of the market.

(d) Neutral Transactions must yield parity to, and may not claim precedence based on size over, a customer order in the Crowd upon the request of the member representing such order, where such request has been documented as a term of the order, to the extent of the volume of such order that has been included in the quote prior to the transaction.

(e) The requirements contained in (5)(i)(a)(I)(d) above shall not apply to automatic executions involving the specialist dealer account.

(II) Non-Conditional Transactions

(a) Definition - A non-conditional transaction is a specialist's bid or purchase and offer or sale, that establishes or increases a position, other than a transaction that reaches across the market to trade with the Exchange bid or offer.

(b) Non-Conditional Transactions may be made without restriction as to price in order to:

(i) match another market's better bid or offer price;

(ii) bring the price of a security into parity with an underlying or related security or asset;

(iii) add size to an independently established bid or offer on the Exchange;

(iv) purchase at the published bid price on the Exchange;

(v) sell at the published offer price on the Exchange;

(vi) purchase or sell at a price between the Exchange published bid and published offer;

(vii) purchase below the published bid or sell above the published offer on the Exchange;

(c) Re-entry Obligation Following Non-Conditional Transactions - The specialist's obligation to maintain a fair and orderly market may require re-entry on the opposite side of the market trend after effecting one or more Non- Conditional Transactions. Such re-entry transactions should be commensurate with the size of the Non-Conditional Transactions and the immediate and anticipated needs of the market.

(b) During the operation of Rule 104.10(6) – NYSE Alternext Equities pursuant to the pilot program set to end on September 30, 2008, the provisions of this subparagraph (5)(b) shall not apply.

(I) The following types of transactions by a specialist for the specialist's account to establish or increase a position that reach across the market to trade with the Exchange bid or offer are not to be effected except when, with the approval of a Floor Official, the transactions are reasonably necessary to render the specialist's position adequate to the immediate and reasonably anticipated needs of the round-lot and the odd-lot market and the specialist reoffers or rebids where necessary after effecting such transaction:

(a) a purchase at a price above the last trade price on the Exchange;

(b) a sale at a price below the last trade price on the Exchange;

(c) the purchase of more than 50% of the stock offered in the market at a price equal to the last trade price where such last trade price was higher than the last differently priced regular way sale.

(c) Prohibited Transactions

(I) During the last ten minutes prior to the close of trading, a specialist with a long position in a security is prohibited from making a purchase in such security that results in a new high price on the Exchange for the day at the time of the specialist's transaction, except as provided in subparagraphs (5)(i)(a)(II)(b)(i) through (5)(i)(a)(II)(b)(ii) above.

(II) During the last ten minutes of trading, a specialist with a short position in a security is prohibited from making a sale in such security, that results in a new low price on the Exchange for the day at the time of the specialist's transaction, except as provided in subparagraphs (5)(i)(a)(II)(b)(i) through (5)(i)(a)(II)(b)(ii) above.

(ii) Whenever a specialist effects a principal purchase of a specialty stock, in another market center at or above the price at which the specialist holds orders to sell that stock, such orders which remain unexecuted on the Floor must be filled by the specialist buying the stock for the specialist's account at the same price at which the principal transaction was effected; above unless effecting such a principal transaction on the Floor at that price would be inconsistent with the maintenance of fair and orderly markets.

(iii) Whenever a specialist effects a principal sale of a specialty stock in another market center at or below the price at which the specialist holds orders to buy that stock, such orders which remain unexecuted on the Floor must be filled by the specialist selling the stock for the specialist's account at the same price at which the principal transaction was effected unless effecting such principal transaction on the Floor at that price would be inconsistent with the maintenance of fair and orderly markets and provided further that effecting such a principal transaction on the Floor, at that price, would not be precluded by the short selling rules, or would not result in a sale to a stabilizing bid.

(6) Specialist Transactions in Securities that Establish or Increase the Specialist's Position:

The provisions of this rule are pursuant to a pilot program set to end on September 30, 2008.

(i) Definition - A 'Conditional Transaction' is a specialist's transaction in a security that establishes or increases a position and reaches across the market to trade as the contra-side to the Exchange published bid or offer.

(ii) The following Conditional Transactions, may be made by a specialist without restriction as to price, provided they are followed by appropriate re-entry on the opposite side of the market commensurate with the size of the specialist's transaction. ('Appropriate' re-entry shall mean re-entry on the opposite side of the market at or before the price participation point or the 'PPP'.):

(a) A specialist's purchase from the Exchange published offer that is priced above the last differently-priced trade on the Exchange and above the last differently-priced published offer on the Exchange; and

(b) A specialist's sale to the Exchange published bid that is priced below the last differently-priced trade on the Exchange and below the last differently-priced published bid on the Exchange.

(iii) Re-entry Obligations for Conditional Transactions:

(a) 'PPPs'—The Exchange will periodically issue guidelines, called price participation points ('PPP'), that identify the price at or before which a specialist is expected to re-enter the market after effecting a Conditional Transaction. PPPs are only minimum guidelines and compliance with them does not guarantee that a specialist is meeting its obligations.

(b) Notwithstanding that a security may not have reached the PPP, the specialist may be required to re-enter the market immediately after a Conditional Transaction based on the price and/or volume of the specialist's trading in reference to the market in the security at the time of such trading. In such situations specialists may not rely on the fact that there may have been one or more independent trades following the specialist's trading to justify a failure to re-enter the market.

(c) Immediate re-entry is required after the following Conditional Transactions:

(I) A purchase that (1) reaches across the market to trade with an Exchange published offer that is above the last differently priced trade on the Exchange and above the last differently priced published offer on the Exchange, (2) is 10,000 shares or more or has a market value of \$200,000 or more, and (3) exceeds 50% of the published offer size.

(II) A sale that (1) reaches across the market to trade with an Exchange published bid that is below the last differently priced trade on the Exchange and below the last differently priced published bid on the Exchange, (2) is 10,000 shares or more or has a market value of \$200,000 or more, and (3) exceeds 50% of the published bid size.

(III) Each trade at a separate price in a Sweep is viewed as a transaction with the published bid or offer for the purpose of subparagraphs (6)(iii)(c)(I) and (6)(iii)(c)(II) above.

(iv) The following Conditional Transactions may be made without restriction as to price:

(a) A specialist's purchase from the Exchange published offer that is priced above the last differently-priced trade on the Exchange or above the last differently-priced published offer on the Exchange; and

(b) A specialist's sale to the Exchange published bid that is priced below the last differently-priced trade on the Exchange or below the last differently-priced published bid on the Exchange.

(c) Re-entry obligations following transactions defined in subparagraphs (6)(iv)(a) and (6)(iv)(b) above are the same as for Non-Conditional Transactions pursuant to subparagraph (5)(i)(a)(II)(c) above.

(7) Reserved.

(8) When inquiry is made of a specialist as to the price at which a block of stock may be sold, the specialist may advise the broker of the 'clean up' price for the block, after trading with the published bid (offer). If, as a result of this inquiry, the block is sold and the specialist participates as a dealer at the 'clean up' price, he should also execute at the same price the executable buy orders held by him. The same principle applies in the event an inquiry is made with respect to an order to purchase a block of stock.

(9) A specialist's bid or offer in a specialty stock on the Exchange may not be inferior to the specialist's market maker bid or offer disseminated by an electronic communications network (as that term is defined in Securities and Exchange Commission Rule 600(b)(23) of Regulation NMS) or any other market center. A specialist may not disseminate a market maker bid or offer on another market center or electronic communications network at a price at which Exchange rules would preclude dissemination of such bid or offer on the Exchange.

(10)(i) Notwithstanding the ability of a specialist to trade for his or her dealer account, dealer transactions by a specialist that have not yet been reported by the specialist must yield to any order or orders received through an Exchange order delivery system after the oral commitment to

transact, provided that such order or orders are capable of trading in place of the specialist in the consummated transaction.

(ii) The provisions of subparagraph (i) above shall not apply if the specialist's trade for his or her dealer account:

(a) is to correct an error on a previously reported transaction;

(b) is executed in satisfaction of the specialist's obligation to give up a trade to an agency order;

(c) is a non-regular way trade between the specialist and a customer order;

(d) is the result of the election of CAP orders pursuant to Exchange Rule 123A.30 – NYSE Alternext Equities;

(e) is in connection with the execution of CAP orders as part of the opening of trading; or

(f) participates on the closing transaction in a security to offset a market-at-the-close and/or limit-at-the-close order imbalance.

(iii) Transactions by a specialist pursuant to subparagraph (ii) above must be documented and reported to the Exchange in such manner and within such time as the Exchange shall designate.

.11 **Participation at openings or reopenings.**—A specialist should avoid participating as a dealer in opening or reopening a stock in such a manner as to upset the public balance of supply and demand as reflected by market and limited price orders, unless the condition of the general market or the specialist's position in light of the reasonably anticipated needs of the market makes it advisable to do so. He may, however, buy or sell stock as a dealer to minimize the disparity between supply and demand at an opening or reopening.

.11A Reserved.

.11B Reserved.

.11C See paragraph (d)(iv) of Rule 900 – NYSE Alternext Equities (Off-Hours Trading: Applicability and Definitions) in respect of (a) the impact of Off-Hours Trading on the calculation of stock positions.

.12 **Specialists' Investment Accounts.**—Under certain circumstances a specialist may assign specialty stocks to an investment account. Purchases creating or adding to a position in an investment account which are not reasonably necessary to permit the maintenance of a fair and orderly market or to act as an odd-lot dealer are not to be made.

In the maintenance of price continuity with reasonable depth, it is commonly desirable for a specialist to supply stock to the market, even though he may have to sell short to do so, to the extent reasonably necessary to meet the needs of the market.

A specialist may not effect a transfer of a specialty stock from his dealer account to an investment account if the transfer would result in creating a short position in the dealer account.

A specialist may not assign to an investment account any specialty stock which was purchased in the round-lot market on a 'plus' or 'zero plus' tick. In addition, in order to make such assignment, he must have maintained, with respect to purchases in that stock, a stabilization rate of at least 75%, measured by the Tick Test, as defined in Rule 112– NYSE Alternext Equities for the day of purchase, and for the entire calendar week encompassing that day.

If a 'net long' position is created as a result of the maintenance of an investment position in a specialty stock while a short position exists in the specialist's dealer account, the specialist may not cover such a short position by purchasing stock in the round-lot market on a 'plus' tick. In addition, he must also limit his purchase to no more than 50% of the stock offered on a 'zero plus' tick, and in no event may he purchase the final 100 shares offered.

See paragraph (d)(iii) of Rule 900 – NYSE Alternext Equities in respect of (a) the assignment of a specialty security acquired through the Off-Hours Trading Facility to an investment account and (b) the purchase of securities through the Off-Hours Trading Facility to cover a short position in a dealer account.

Reporting Requirements

In connection with investment positions in specialty stocks, a specialist shall report to the Exchange, on such form and in such format as the Exchange may from time to time prescribe, a record of all transactions effected for investment purposes. The specialist shall also report to the Exchange, on such form and in such format as the Exchange may from time to time prescribe, a record of all transactions effected for investment purposes for the account of any person specified in Rule 104.13 – NYSE Alternext Equities.

.12A Positions in Securities of NYSE Euronext.—Any position held by the specialist member organization registered in any security that is issued by NYSE Euronext that is restricted as to sale or transfer as specified in Article IV, Section 4 of the amended and restated Certificate of Incorporation shall not be considered an investment account position for purposes of Rule 104.12– NYSE Alternext Equities of the Exchange while such restrictions are in effect.

.13 Investment Transactions.—

(a) Any transactions effected for the benefit of any of the following persons in stocks in which a specialist is registered must be for investment purposes:

(i) any member, allied member, officer, employee or person or party active in the business of the specialist;

(ii) the spouse and children of any of the above-named persons or parties who reside in the same household as such person or party; or

(iii) any approved person who is affiliated with the specialist (other than an approved person entitled to an exemption from this Rule pursuant to Rule 98– NYSE Alternext Equities)

(b) Any transaction included within paragraph (a) may only be made as follows:

(i) acquisitions at prices below the last different price—on ‘minus’ or ‘zero minus’ ticks; and

(ii) liquidations at prices above the last different price—on ‘plus’ or ‘zero plus’ ticks—except with the prior approval of the Exchange.

(c) All off-Floor orders entered for any of the above-named accounts must be identified so that such orders will not be executed prior to any agency order received by the specialist at the same price even though such agency order may be received subsequent to the identified order.

(d) No specialist, and no member, allied member, approved person (other than an approved person entitled to an exemption from this rule pursuant to Rule 98 – NYSE Alternext Equities) affiliated with such specialist, officer, employee or person active in the business of the specialist shall originate orders in stocks in which such specialist is registered for any account over which they exercise investment discretion.

(e) Transactions in a stock in which a specialist is registered effected for trust accounts, including ‘blind’ accounts, for the benefit of such specialist or any person specified in paragraph (a) shall be subject to the provisions of this rule. Transactions in a fund which invests broadly in securities and which may from time to time invest in a security in which a specialist is registered, shall not be subject to this rule.

.13A Positions in Securities of NYSE Euronext.—Any position held for the benefit of any of the persons enumerated in Rule 104.13(a) – NYSE Alternext Equities in a security issued by NYSE Euronext that is restricted as to sale or transfer as specified in Article IV, Section 4 of the amended and restated Certificate of Incorporation in which the related specialist member organization is registered shall not be subject to the provisions of Rule 104.13 – NYSE Alternext Equities of the Exchange while such restrictions are in effect.

.14 LIFO transactions.—A member acting as a specialist may not effect transactions for the purpose of adjusting a LIFO inventory in a stock in which he is so acting except as a part of a course of dealings reasonably necessary to assist in the maintenance of a fair and orderly market.

.15 Relief specialists.—Any member registered as a regular specialist must either (1) be associated with other members also registered as regular specialists in the same stocks, either through a partnership or a member corporation or a joint account, and arrange for at least one member of the group to be in attendance during the hours when the Exchange is open for business, or (2) arrange for the registration by at least one other member as relief specialist, who would always be available, in the regular specialist’s absence, to take over the ‘book’ and to service the market, so that there would be no interruption of the continuity of service during the hours when the Exchange is open for business.

The same obligations and responsibilities for the maintenance and stabilization of markets which rest upon regular specialists, rest also upon relief specialist while in possession of the ‘book.’

Approval of the registration of a regular specialist as a relief specialist will be granted provided that the surrounding circumstances are such as to permit him to act in such relief capacity.

and at the same time insure the adequate servicing of the stocks in which he is registered as a regular specialist and the proper performance of his dealer function therein.

.17 Temporary specialists.—In the event of an emergency, such as the absence of the regular and relief specialists, or when the volume of business in the particular stock or stocks is so great that it cannot be handled by the regular and relief specialists without assistance, a Floor Governor may authorize a member of the Exchange who is not registered as a specialist or relief specialist in such stock or stocks, to act as temporary specialist for that day only.

A member who acts as a temporary specialist by such authority is required to file with Market Surveillance, at the end of the day, a report showing (a) the name of the stock or stocks in which he so acted, (b) the name of the regular specialist, (c) the time of day when he so acted, and (d) the name of the Floor Governor who authorized the arrangement. The necessary forms may be obtained at the Information Desk.

The Floor Governor will not give such authority for the purpose of permitting a member not registered as specialist or relief specialist habitually to relieve a regular specialist at lunch periods, etc.

If a temporary specialist substitutes for a regular specialist, and if no regular or relief specialist is present, the temporary specialist is expected to assume the obligations and responsibilities of regular specialists for the maintenance and stabilization of the market.

Capital Requirements of Specialists

.20 Specialists Organizations— Minimum Capital Requirements.—

(1) Reserved.

(2) Each specialist organization must maintain tentative net capital in an amount which shall be the greater of (i) \$1,000,000 or (ii) an amount sufficient to assume a position of sixty trading units of each security in which such specialist is registered. For purposes of this Rule, the amount sufficient to assume a position in sixty trading units shall be equal to 15% of the current market value of the position.

(3) FINRA must be informed immediately by a specialist organization whenever it is unable to comply with the requirements set forth in Rules 104.20 – NYSE Alternext Equities, as applicable.

(4) The term "tentative net capital" means net capital, computed in accordance with Securities Exchange Act Rule 15c3-1 before application of haircuts and undue concentration charges.

(5) In the event that two or more specialist organizations are associated with each other and deal for the same specialist account, the capital requirements enumerated in Rules 104.20 – NYSE Alternext Equities shall apply to such specialist organizations as one unit, rather than to each specialist organization individually. Any joint account must be approved by the Divisions of Market Surveillance and Member Firm Regulation.

(6) For each security in which a specialist is registered which is principally traded or priced in a U.S. marketplace other than the Exchange, such specialist shall maintain tentative net capital sufficient to assume a position of twenty trading units of such security.

.21 Reserved.

.22 Reserved.

.23 Maintaining a Fair and Orderly Market.—

Solely for the purpose of maintaining a fair and orderly market, the Exchange may, for a period not to exceed 5 business days, allow a specialist entity to continue to operate despite such specialist entity's non-compliance with the provisions of Rules 104.20 – NYSE Alternext Equities.

.24 Relief specialists.—

(1) A full time relief specialist, i.e., one who may be called upon to act as a relief specialist for an entire business day, shall have no financial requirement so long as his or her dealings while relieving the regular specialist are effected for the account of the regular specialist. A full time relief specialist must satisfy the financial requirements of Rule 104.20 – NYSE Alternext Equities with respect to the securities in which he or she is acting as a relief specialist if the relief specialist, or the specialist unit providing the relief specialist, participates in the profit and loss of the dealings by the relief specialist.

(2) There is no requirement with respect to a member registered as a part-time relief specialist, i.e., one who may be called upon to act as a relief specialist for less than the entire business day, usually for lunch periods, etc. Dealings effected by a part-time relief specialist while relieving the regular specialist must be made for the account of the regular specialist whom he is relieving.

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Specialists—General

••• Supplementary Material:

Rule 104A – NYSE Alternext Equities. .20 Specialists exchanging names.—When purchasing stock for their own accounts from orders on the books, specialists must not ‘exchange names’ and purchase such stock from the book of the other specialist. The same principle applies when specialists are selling stock to orders on the books.

.30 Specialists ‘stopping’ stock on book.—A specialist must not ‘stop’ stock for his own account on his own book or on the book of another member acting as specialist in the same stock.

.50 Equity Trading Reports.—Every specialist (including relief specialists) must keep a record of purchases and sales initiated on the Floor (including purchases and sales resulting from

orders routed from the Exchange to another market center), in stocks in which he is registered, for an account in which he has an interest. Specialists must also maintain records of purchases and sales in the Exchange's off-hours trading sessions. Such record must show the sequence in which each transaction actually took place, the time thereof, and whether such transaction was at the same price or in what respect it was at a different price in relation to the immediately preceding transaction in the same stock. The price designations for transactions made in another market center pursuant to Regulation NMS are to be determined from the immediately preceding transaction price on the Exchange at the time the commitment or obligation to trade is issued. Specialists and relief specialists are required to report such transactions in such automated format and with such frequency as may be prescribed by the Exchange.

Paragraph 104.12 – NYSE Alternext Equities sets forth circumstances under which specialists who maintain investment accounts in specialty stocks are required to submit an equity trading data report.

Options and single stock futures trading data reports.—Every specialist (including relief specialists) must keep a record of all options and single stock futures purchases and sales to hedge his specialty stock positions as permitted by Rule 105 – NYSE Alternext Equities and must report such transactions in such automated format and with such frequency as may be prescribed by the Exchange.

Foreign securities reports—Every specialist (including relief specialists) must keep a record of all purchases and sales of foreign securities (as defined in Rule 36.30 – NYSE Alternext Equities) for an account in which he has as interest. Specialists and relief specialists are required to report such transactions in such automated format and with such frequency as may be prescribed by the Exchange.

Inquiries.—Inquiries in connection with these reports should be addressed as the Exchange shall direct.

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Rule 104B – NYSE Alternext Equities. No specialist may charge a commission for the execution of a trade in any of his or her specialty securities.

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Restrictions on Approved Person Associated with a Specialist's Member Organization

Rule 105 – NYSE Alternext Equities. (a) No member acting as a specialist or his member organization or any other member, allied member or approved person in such organization or officer or employee thereof shall be directly or indirectly interested in a pool dealing or trading in a stock in which such member is registered as a specialist.

(b) No member acting as a specialist or his member organization or any other member, allied member or approved person (other than an approved person entitled to an exemption from this Rule pursuant to Rule 98 – NYSE Alternext Equities) or officer or employee thereof, shall directly or indirectly, hold, acquire, grant or have an interest in any option to purchase or sell or to receive or deliver shares of a stock in which such member is registered as a specialist, or in any security future of a stock in which such member is registered as specialist, except as provided in this Rule. The term “listed option” as used herein shall mean an option issued by the Options Clearing Corporation and traded on a national securities exchange. The term “security future” shall have the meaning given that term in section 3(a)(55) of the Securities Exchange Act of 1934. A security future of a single stock is hereinafter referred to as a “single stock future”.

(c) The term “specialist's account” shall mean the account (whether the individual account of the member organization or joint account as permitted by Exchange Rule 94 – NYSE Alternext Equities) in which the ordinary trading business of the member as a specialist is conducted. With respect to any stock position in any specialist's account, any specialist or member organization having an interest in such account may hold, acquire, grant or have an interest in listed stock options, or in single stock futures, to purchase or sell or to receive or deliver shares of such stock only where appropriate to permit such specialist to offset the risk of making a market in the underlying specialty stock. No specialist or member organization having an interest in the specialist's account shall initiate or effect any opening transaction in a listed stock option, or in a single stock future, to offset more than a reasonable estimate of potential loss that might be incurred in relation to the specialist's market-making function.

Any such options or futures transactions shall be made in accordance with the “Guidelines for Specialists' Specialty Stock Option and Single Stock Futures Transactions Pursuant to Rule 105 – NYSE Alternext Equities” as promulgated by the Exchange and as may be amended from time to time. Any opening transaction that does not conform to the requirements specified in such “Guidelines,” and any failure to take required action to liquidate any option or futures position within the time periods specified in such “Guidelines” shall be deemed to be a violation of this Rule 105 – NYSE Alternext Equities. Notwithstanding the fact that a specialist's options or futures transactions may be in conformity with the “Guidelines” such specialist shall nonetheless be deemed to be in violation of Rule 105 – NYSE Alternext Equities if he has engaged in such options or futures transactions for manipulative or other purposes not related to offsetting the risk of making a market in the underlying specialty stock.

(d) A member, allied member or approved person (other than an approved person entitled to an exemption from this Rule pursuant to Rule 98 – NYSE Alternext Equities), in the member organization of a specialist and any officer or employee of such organization who has a position in any specialty stock of such specialist in any account (other than the specialist's account) may grant or have an interest in listed options or single stock futures to purchase or sell or to receive or deliver shares of such specialty stock but only to the extent and in the manner that the “Guidelines”, as promulgated by the Exchange and as may be amended from time to time, would permit the specialist to use listed options or single stock futures as to transactions for the specialist's account.

GUIDELINES FOR SPECIALISTS' SPECIALTY STOCK OPTION AND SINGLE STOCK FUTURES TRANSACTIONS PURSUANT TO RULE 105

(a) Rule 105 – NYSE Alternext Equities provides that a specialist may use listed options and single stock futures overlying covered securities in which he is registered only where appropriate to offset the risk of making a market in the underlying specialty stock.

A specialist may not initiate or effect an opening option or single stock futures transaction to offset more than a reasonable estimate of potential loss that might be incurred in relation to the specialist's market-making function.

An option position established pursuant to Rule 105 – NYSE Alternext Equities may be established by means of any legitimate hedging strategy, provided that the net option position is on the opposite side of the market from the specialist's stock position.

Any options or single stock futures transactions effected pursuant to Rule 105 – NYSE Alternext Equities must be made in conformity with these “Guidelines”.

Except as provided in paragraph (g) below, a specialist shall be deemed to be in violation of Rule 105 – NYSE Alternext Equities if he establishes any option or single stock futures position in a specialty stock which exceeds that permitted by paragraphs (b), (c) and (d) below. Except as provided in paragraph (g) below, a specialist shall also be deemed to be in violation of Rule 105 – NYSE Alternext Equities if, having established an option or single stock futures position that does not exceed that permitted by paragraphs (b), (c), and (d) below, he subsequently fails to take, within the time periods specified in paragraphs (e) and (f) below, such action as required to liquidate any option or single stock futures position where the net option or single stock futures position (i) exceeds the permitted number of contracts because of a change of more than 25 percent in the size of the underlying specialty stock position from that which existed when the option position was established; or (ii) has become on the same side of the market as the underlying specialty stock position. Notwithstanding the fact that a specialist's options or single stock futures transactions may be in conformity with the “Guidelines”, such specialist shall nonetheless be deemed to be in violation of Rule 105 – NYSE Alternext Equities if he has engaged in such options or single stock futures transactions for manipulative or other purposes not related to offsetting the risk of making a market in the underlying specialty stock.

(b) Conditions for Opening Options Transactions to Hedge an Existing Specialty Stock Position with a Net Option Position on the Opposite Side of the Market.

Except as provided in paragraph (g) below, opening options transactions under Rule 105 – NYSE Alternext Equities must meet the following three conditions:

(1) The transaction must result in a net option position on the opposite side of the market from the underlying specialty stock position.

(2) The transaction must be effected solely to offset the risk of making a market in the underlying specialty stock.

(3) The resulting net option position must not exceed the number of shares of the specialty stock position that the specialist is offsetting, based on using dynamic deltas or fixed hedge ratios as discussed below, or another hedging convention approved by the Exchange.

Any opening options transaction that does not meet all three conditions shall be deemed to be in violation of Rule 105 – NYSE Alternext Equities, except as specified in paragraph (4) and in paragraph (g) below.

(4) When a specialist holds a position in a near term (as defined in paragraph (c) below) option series which he wishes to replace with a more distant expiration series prior to the liquidation or expiration of such near term options series, the specialist may do so to offset a reasonable estimate of potential loss that might be incurred in the specialist's existing position in the underlying specialty stock subject to the provisions of paragraph (c) of Rule 105 – NYSE Alternext Equities above. In order to establish a hedged position with the more distant term options series while concurrently holding a position in the near term series which would result in an “over-hedged” position, the specialist shall enter an order, which has a reasonable expectation of being executed, no later than the close of trading on the exchange or exchanges where the option is traded on the day after the new position was established, to liquidate his position in the near term options series.

(c) Calculation of Options Positions to Offset Existing Stock Positions

The specialist shall have the choice of offsetting his specialty stock position using either dynamic deltas, fixed hedge ratios or any other hedging convention approved by the Exchange to determine the number of option contracts permitted to offset an existing stock position.

(i) Use of dynamic deltas—In determining whether a specialist's option position complies with the third condition of paragraph (b) above, based on dynamic deltas, the Exchange will use its pricing model to calculate the appropriate delta for each option series.

Example 1

Assume the specialist is long 10,000 shares of a stock that is quoted at 50.25. He wishes to offset that position by writing call option contracts. The Exchange's pricing model derives a delta for the option series of .5 based upon the \$50 bid price. The maximum permissible option position the specialist may establish to offset his specialty stock position would be calculated as follows:

$$\frac{10,000}{100} \div .5 = 200$$

In this example, the specialist would be permitted to write no more than 200 call contracts having a delta of .5 to offset his stock position.

Example 2

Assume the specialist is long 5,000 shares and has hedged his position by buying 100 put option contracts with a delta of .5. Subsequently, the specialist buys 1,000 shares for his own account. The specialist could offset the additional 1,000 shares by acquiring an additional option position of 20 put contracts, calculated as follows:

$$\frac{10,000}{100} \div .5 = 20$$

Thus, the specialist in this example would be permitted to have an option position of 120 put contracts to offset the 6,000 share stock position.

Example 3

Assume that a specialist has a 2,000 share long position in a specialty stock and wishes to use options to offset the risk of loss in that position. Options at the following strike prices have been opened for trading: 40, 45, 50, 55 and 60. The deltas for those options are at 1.0, .8, .5, .2 and .05, respectively.

Since the specialist is long the stock, he may offset his position either by writing calls or by buying puts.

In writing calls, the specialist could effect options transactions as follows:

- 20 call options with a strike price of 40 or
- 25 call options with a strike price of 45 or
- 40 call options with a strike price of 50 or
- 100 call options with a strike price of 55 or
- 400 call options with a strike price of 60.

The specialist could also combine different series of call options, such as:

- 10 call options with a strike price of 45 to hedge 800 shares and
- 16 call options with a strike price of 50 to hedge 800 shares and
- 20 call options with a strike price of 55 to hedge 400 shares.

The same principles would apply to opening transactions involving put options.

(ii) Use of fixed hedge ratios—In determining whether a specialist's option position complies with the third condition of paragraph (b) above based on fixed hedge ratios, the Exchange will use the applicable “hedge ratios” as follows:

(1) One option contract for each 100-share stock position existing at the time of the acquisition of the option contract, where such option contract is “in-the-money” as defined below.

(2) One and one-half option contracts for each 100-share stock position existing at the time of the acquisition of the option contracts, where such option contracts are “at-the-money” as defined below.

(3) Two option contracts for each 100-share position existing at the time of the acquisition of the option contracts, where such option contracts are no more than one strike price interval “out-of-the-money” as defined below.

The number of option contracts that may be used under the “hedge ratio” approach to offset a position in the underlying specialty stock depends upon the size of the stock position at the time of the acquisition of the option(s) and the strike price of the option(s) in relation to the market price of the stock. Not more than one “in-the-money” option, or one and one-half “at-the-money” options, or two “out-of-the-money” options to hedge each 100-share specialty stock position may be used. Options at the same strike price, or combinations of options at different strike prices may be used, provided the net overall options position thereby established conforms to conditions (1), (2) and (3) of paragraph (b) above and the hedge ratios. The hedge ratios may be expressed as follows:

- In-the-money option: 1 to 1
- At-the-money option: 1.5 to 1
- Out-of-the-money option: 2 to 1

Definitions. For purposes of these Guidelines to administer Rule 105 – NYSE Alternext Equities, an “at-the-money” option, whether a put or a call, shall be an option where the price of the underlying specialty stock is (i) equal to the strike price of the option, or (ii) greater or less than the strike price of the option by an amount which does not exceed one-half of the strike price interval for that particular option. For example, assume that options with a strike price interval of five points have been opened for trading at strike prices of 45, 50, 55 and 60, and the market price of the underlying stock is 52. The option with a strike price of 50 would be considered “at-the-money” since that strike price is less than one-half the five point price interval below the market price of the stock. In this example where the strike price interval is five points, the option having the strike price of 50 would be “at-the-money” when the market price of the underlying stock is traded at or between 47.50 and 52.50. If the market price of the underlying stock is *exactly* at the midpoint of the strike price interval, then options having two different strike prices would be considered to be “at-the-money”. Thus, in the above example, if the market price of the underlying stock was 52.50, then both the 50 and 55 strike price options, both puts and calls, would be “at-the-money”.

An “in-the-money” call option shall be any call option whose strike price is less than the lowest strike price of an “at-the-money” call option. An “in-the-money” put option shall be any put option whose strike price is greater than the highest strike price of an “at-the-money” put option. For example, assume that options have been opened for trading at strike prices of 40, 45, 50, 55 and 60 and the market price of the underlying stock is 52. Options with a strike price of 50 would be “at-the-money”. Thus, call options with strike prices of 40 and 45, and put options with strike prices of 55 and 60, would be “in-the-money”.

An “out-of-the-money” call option shall be any call option whose strike price is greater than the highest strike price of an “at-the-money” call option. An “out-of-the-money” put option shall be

any put option whose strike price is less than the lowest strike price of an “at-the-money” put option. For example, assume as above that options have been opened for trading at strike prices of 40, 45, 50, 55 and 60, and the market price of the underlying stock is 52.50. Options with a strike price of 50 and 55 would both be “at-the-money”. Thus, call options with a strike price of 60, and put options with strike prices of 40 and 45 would be “out-of-the-money”.

A near term option shall be an option that expires on the next possible expiration date for that particular option series.

Example 4

Assume that a specialist has a 2,000-share long position in a specialty stock and wishes to use a fixed hedge ratio approach to options to offset the risk of loss in that position. The market price of the stock is 52, and options at the following strike prices have been opened for trading: 40, 45, 50, 55 and 60.

Since the specialist is long the stock, he may offset his position by writing calls or by buying puts. (If the specialist had a short position in the specialty stock, he could offset his position by buying calls or writing puts.)

In writing calls using the hedge ratio approach, the specialist could effect options transactions as follows:

- 20 call options with a strike price of 45 or 40 or
- 30 call options with a strike price of 50 or
- 40 call options with a strike price of 55.

The specialist could also combine different series of call options, such as:

- 10 call options with a strike price of 45 to hedge 1,000 shares and
- 9 call options with a strike price of 50 to hedge 600 shares and
- 8 call options with a strike price of 55 to hedge 400 shares.

The same principles would apply to opening transactions involving put options.

(iii) Other hedging strategies—If the specialist seeks to offset risk of loss by using a strategy other than one based on dynamic deltas or fixed hedge ratios, he shall submit such strategy to the Exchange and obtain its approval before effecting any options transactions. Such strategy must constitute a legitimate hedge and must comply with the provisions of paragraph (b) above.

(d) Conditions for Single Stock Futures Transaction to Hedge an Existing Specialty Stock Position with a Net Futures Position on the Opposite Side of the Market

Single stock futures transactions under Rule 105 – NYSE Alternext Equities must meet the following three conditions:

(1) The transaction must result in a net futures position on the opposite side of the market from the underlying specialty stock position.

(2) The transaction must be effected solely to offset the risk of making a market in the underlying specialty stock.

(3) The resulting net futures position must not exceed the number of shares of the specialty stock position that the specialist is offsetting.

Any single stock futures transaction that does not meet all three conditions shall be deemed to be in violation of Rule 105 – NYSE Alternext Equities.

Specialists may purchase or sell single stock futures to hedge an existing specialty stock position only where the number of shares to be delivered pursuant to such contracts does not exceed the number of shares in the specialist's existing specialty stock position. One futures contract may be used for each 100 shares to be offset.

Example 5

Assume the specialist has a 10,000 share long position in a specialty stock and wishes to hedge that position with single stock futures. The specialist could do so by acquiring a short single stock futures position not to exceed 100 contracts.

(e) Liquidating An “Excess” Option or Single Stock Futures Position on the Opposite Side of the Market from the Underlying Specialty Stock Position

Where a specialist's closing position on any trading day in an underlying specialty stock has changed by more than 25 percent from that which existed when an offsetting option or single stock futures position was established, with the result that the specialist's net option or single stock futures position, while still on the opposite side of the market from the specialty stock position, then exceeds, in the case of options, that permitted by the use of deltas or hedge ratios or other approved hedging convention, or in the case of futures, the total number of contracts, the specialist shall take, or cause to be taken, action to liquidate one or more options or futures positions until his net option or futures position no longer exceeds the number permitted by the hedging convention used.

The specialist shall be required to enter such liquidation order, or orders, which have a reasonable expectation of being executed, by the close of trading on the exchange or exchanges where the option or futures contract is traded on the next trading day.

Notwithstanding the above, where a specialist's closing stock position has changed by more than 25 percent from that which existed when an offsetting option or futures position was established, with the result that his net option or futures position exceeds that permitted by paragraph (c) above by the equivalent of up to 5,000 shares (e.g., 50 in-the-money option contracts or 50 option contracts with a delta of 1.0), or 50 futures contracts the specialist shall not be required to liquidate any such “excess” options or futures contracts. The specialist shall not be required to liquidate any option or futures position which exceeds that permitted by paragraph (c) above where

the specialist's closing stock position on any trading day has not changed by more than 25 percent from that which existed when such option or futures position was established.

The point in time to be observed in taking any liquidation action required by this paragraph (e) is the time of order entry, not necessarily the time when the order is actually executed. In liquidating an "excess" option or futures position, the specialist shall not be required to send to the Floor of an options or futures exchange an order or orders immediately executable "at the market", but may, if he so chooses, send to the Floor of an options or futures exchange an order or orders that may be "worked" by an independent broker according to his "broker's judgement" to obtain "best execution". The specialist shall not, however, give specific instructions to such independent broker as to how the order or orders are to be "worked". If, while the order or orders are being "worked", the specialist's stock position changes such that it has not changed by more than 25 percent from that which existed when the offsetting option or futures position was established, the liquidation orders or the unexecuted portion of such orders may be cancelled.

When, as a result of a more than 25 percent change in the size of the specialist's stock position from that which existed when an offsetting option or futures position was established, the specialist has had to liquidate an "excess" option or futures position, the specialist shall be deemed thereby to have established a new offsetting stock/option or futures position pursuant to Rule 105 – NYSE Alternext Equities and these "Guidelines". Should the stock position continue to change in the same direction, any subsequent required liquidation action shall be taken if the closing stock position changes by more than 25 percent from that which existed when the new offsetting position was established.

Example 6

Assume that a specialist has a 100,000 share long specialty stock position which he offsets using a hedge ratio approach by writing 1,000 in-the-money calls. Subsequently, the specialist's closing stock position declines to 80,000 shares long, but the specialist maintains the 1,000 contract in-the-money option position. The specialist's option position would now exceed that permitted by the hedge ratios by 200 contracts.

However, no liquidation action would be required because the specialist's stock position did not change by more than 25 percent from that which existed when the offsetting option position was established.

Example 7

Assume that a specialist had a 10,000 share long specialty stock position which he offset using a hedge ratio approach by writing 100 in-the-money calls. Subsequently, the specialist's closing stock position declined to 4,000 shares long, but the specialist maintained the 100 contract in-the-money option position. In this situation, the specialist's stock position has now changed by more than 25 percent from that which existed when the offsetting option position was established. The specialist's option position now exceeds that permitted by the hedge ratios by 60 contracts.

The specialist would be required to enter an order to liquidate 60 option contracts no later than the close of trading on the exchange where the option is traded on the next trading day.

If, in this example, the specialist's closing stock position continued to decline, the next liquidation action would be taken with reference to a change of 25 percent or more in the 4,000 share stock position.

Example 8

Assume that a specialist had a 10,000 share long specialty stock position which he offset using dynamic deltas by writing 100 calls with a delta of 1.0. Subsequently, the specialist's closing stock position declined to 7,000 shares long, but the specialist maintained the 100 contract option position. In this situation, the specialist's closing stock position has now changed by more than 25 percent from that which existed when the offsetting option position was established. However, no liquidation action would be required because the equivalent share position represented by the number of option contracts in excess of that permitted by the use of deltas is only 3,000 shares, which is less than the 5,000 share minimum.

Example 9

Assume that a specialist had a 10,000 share long specialty stock position which he offset by 100 short single stock futures contracts. Subsequently, the specialist's closing stock position declined to 7,000 shares long, but the specialist maintained the 100 contract short futures position. In this situation, the specialist's closing stock position has now changed by more than 25 percent from that which existed when the offsetting futures position was established. However, no liquidation action would be required because the equivalent share position represented by the number of futures contracts is only 3,000 shares, which is less than the 5,000 share minimum.

(f) Liquidating an Option or Futures Position on the Same Side of the Market as the Underlying Specialty Stock Position

Where a specialist's position in an underlying specialty stock changes such that it becomes "flat" (i.e., no position) or it becomes on the same side of the market as a net offsetting option or futures position previously established pursuant to Rule 105 – NYSE Alternext Equities and these "Guidelines", the specialist shall take, or cause to be taken, action to liquidate one or more option or futures positions until his net option or futures position is no longer on the same side of the market as his stock position.

The specialist shall be required to enter such liquidation order or orders which have a reasonable expectation of being executed by the close of trading on the exchange or exchanges where the option or futures contract is traded, on the same trading day that his stock position became "flat" or on the same side of the market as his net option or futures position.

Notwithstanding the above, the specialist shall not be required to take liquidation action where his same side option or futures position is equivalent to a stock position of 5,000 shares or less.

The point in time to be observed in taking any liquidation action required by this paragraph (f) is the time of order entry, not necessarily the time when the order is actually executed. The specialist may enter a "working" order along the same lines as discussed in paragraph (e) above.

If, while the order or orders are being “worked”, the specialist's stock position changes such that it is no longer on the same side of the market as the specialist's net option or futures position, the liquidation orders or the unexecuted portion of such orders may be cancelled.

Example 10

Assume that a specialist had a 10,000 share long position which he hedged by writing 200 calls with a delta of .5. Subsequently, his stock position became 1,000 shares short. His stock and net option positions would now be on the same side of the market, and he would be required to enter an order which has a reasonable expectation of being executed to liquidate his 200 contract option position not later than the close of trading on the exchange where the option is traded, on the same trading day that his stock position became on the same side of the market as his net option position. If, in this example, the specialist had written 100 or less option contracts, which represent the equivalent of 5,000 shares of stock, he would not have been required to take any liquidation action.

Example 11

Assume that a specialist had a 10,000 share long position which he hedged by 100 short single stock futures contracts. Subsequently, the specialist's stock position became 1,000 shares short. The specialist's stock and futures positions would now be on the same side of the market, and the specialist would be required to enter an order that has a reasonable expectation of being executed to liquidate the 100 contract futures position not later than the close of trading on an exchange where the futures contract is traded, on the same trading day that the stock position became on the same side of the market as the futures position. If, in this example, the specialist's futures position had been 50 or fewer contracts, which represents the equivalent of 5,000 or fewer shares of stock, the specialist would not have been required to take any liquidation action.

(g) Long Term Option or Futures Strategy to Offset Market-Making Risk

Notwithstanding any other provision of these “Guidelines” regarding the establishment and liquidation of option or futures positions, the specialist may, with the approval of the Exchange, establish an option or futures position, and not be subject to liquidation requirements as to such option or futures position, to offset general market-making risk as to any specialty stock. The specialist shall submit a long term option or futures strategy to the Exchange for its approval prior to effecting any option or futures transactions. The Exchange shall not grant approval of any such long term option strategy unless option positions, when established, consist of out-of-the-money options which are not near term options. A specialist may establish an option or futures position in accordance with this paragraph (g) irrespective of an existing position in the subject specialty stock provided that the option or futures position is a reasonable offset of the specialist's dealer risk in the subject specialty stock. The objective of such a strategy shall be the maintenance of a long term option or futures position which would offset market-making risk irrespective of day-to-day fluctuations in the specialist's position in the specialty stock. The Exchange shall terminate approval for such a long term option or futures strategy, and may deem the specialist to be in violation of Rule 105 – NYSE Alternext Equities, in any case where the Exchange shall determine that the specialist's market-making decisions have been influenced by the existence of any long term option or futures position. A specialist who determines to establish an option or futures

position pursuant to this paragraph may not, while he continues to hold such position, establish any other position pursuant to any other paragraph of these “Guidelines”, other than a “calendar rollover” as permitted under paragraph (b)(4) above, as to the same specialty stock. Conversely, a specialist who has established an option or futures position pursuant to any other paragraph of these “Guidelines” may not, while he continues to hold such position, establish an option or futures position pursuant to this paragraph (f) as to the same specialty stock. The same principles apply with respect to single stock futures.

(h) Prohibition Against Front-Running of Blocks

All members and member organizations should not trade in options or in underlying securities by taking advantage of their possession of material, non-public information concerning block transactions in these securities. It would be improper for a member or person associated with a member who has knowledge of a block transaction in any security underlying an option or of a block transaction in the option covering that security, before information concerning the block transaction has been made publicly available, to take advantage of the non-public information in his possession and execute or cause to be executed an order (1) to buy or sell an option, while in possession of non-public information concerning a block transaction in the underlying stock, or (2) to buy or sell an underlying security, while in possession of non-public information concerning a block transaction in an option covering that security, for an account in which such member or associated person has an interest or for an account with respect to which such member or associated person exercises investment discretion. A specialist may not establish an offsetting option position in a specialty stock if he is in possession of material, non-public information concerning a block transaction in such stock.

(i) Recording of Option or Futures Positions

Any option or futures position relating to a specialist's account and established or increased pursuant to Rule 105 – NYSE Alternext Equities shall be recorded for bookkeeping purposes in a separate “memo” account. Each time a transaction in the overlying option, or single stock futures contract, is effected for the specialist's account, the specialist's specialty stock position, shall also be recorded in the “memo” account.

(j) Reporting of Accounts

In a manner prescribed by the Exchange, each specialist shall file with the Division of Market Surveillance and keep current a list identifying all accounts in which the specialist, his member organization, or any other member, allied member or approved person of such member organization or any officer or employee thereof has a direct or indirect interest and in which are effected options or single stock futures transactions in which any of his specialty stocks is the underlying security. No such specialist, member organization, member, allied member, approved person, officer or employee shall engage in options or single stock futures transactions in which any of such stocks of any such specialist is the underlying security in any account which has not been reported to the Exchange.

(k) Reporting of Transactions

In the event that any specialist, his member organization, or any other member, allied member or approved person in such member organization or officer or employee of such member organization engages in any option or single stock futures transaction in which any specialty stock of the specialist is the underlying security, such specialist, person or party shall submit to the Division of Market Surveillance, in such automated format and with such frequency as the Exchange may prescribe, such information concerning such option or single stock futures transaction as the Exchange may require.

(l) Alteration of Stock Positions Due to Off-Hours Trading

See Paragraph (d)(v) of Rule 900 – NYSE Alternext Equities (Off-Hours Trading: Applicability and Definitions) in respect of specialists' Off-Hours Trading orders that require the liquidation of an options or single stock futures position pursuant to Rule 105 – NYSE Alternext Equities and these Guidelines.

(m) Specialist Shall Not Be Options or Single Stock Futures Market-Maker

(i) Except as provided below, no equity specialist, his member organization, other member, allied member or approved person in such member organization or officer or employee thereof shall act as an options market-maker or option specialist, or function in any capacity involving market-making responsibilities, in any option as to which the underlying security is a stock in which the specialist is registered as such, nor shall any such persons function in any market making capacity with respect to any single stock futures contract of a security in which such specialist is registered as such.

(ii) Notwithstanding the above, an approved person of an equity specialist entitled to an exemption from this rule under Rule 98 – NYSE Alternext Equities may act as a competitive market maker, competitive options trader, registered options trader, or as a specialist or market maker in any option as to which the underlying security is a stock in which the associated specialist is registered as such, or in any single stock futures contract of a security in which the associated specialist is registered as such; provided, however, that if an approved person is so acting as an options market maker pursuant to this paragraph, or in a market making capacity with respect to a single stock futures contract pursuant to this paragraph, neither that approved person, nor any other approved person of the specialist, may act as a market maker in any equity security in which the associated specialist is registered as such and which underlies an option as to which the approved person acts as an options market maker, or is subject to delivery pursuant to a single stock futures contract as to which the approved person acts in a market making capacity.

(iii) Notwithstanding the above, an approved person of an equity specialist entitled to an exemption from this rule under Rule 98 – NYSE Alternext Equities may act in a market making capacity other than as a specialist in any Exchange Traded Fund on another market center, and may act as a specialist or in any other market making capacity in any option as to which the underlying security is such an Exchange Traded Fund in which the associated specialist is registered as such on the Exchange.

(n) Use of Both Options and Single Stock Futures to Hedge Specialty Stock Position

If a specialist chooses to hedge a specialty stock position with positions in both options and futures contracts, the resulting total market share position, when established, may not exceed the size of the existing specialty stock position being hedged. Any excess or same side of the market equivalent share position must be liquidated in accordance with the principles of this rule.

Example 12

Assume that a specialist had a 5,000 share long position which he or she hedged by 50 short single stock futures contracts. Subsequently, the specialist's stock position became 10,000 shares long. The specialist now chooses to hedge the additional 5,000 share stock position with stock options. To do so, in this example, the specialist's stock option position must be 50 or fewer contracts, which represents the equivalent of 5,000 or fewer shares of stock. If the specialist's specialty long stock position subsequently falls below 10,000 shares, or if it becomes a short stock position, the specialist must liquidate a sufficient amount of the single stock futures or stock options to comply with the principles of this rule.

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Specialists' Contact with Listed Companies and Member Organizations

Rule 106 – NYSE Alternext Equities. (a) During each quarter, each Exchange specialist unit shall contact one or more senior officials, of the rank of Corporate Secretary or above, of each company in whose stock specialists associated with the specialist unit are registered. During any calendar year, a specialist unit must make itself available for an in-person meeting between one or more representatives of the specialist unit and one or more senior officials, of the rank of Corporate Secretary or above, of each company in whose stock specialists associated with the specialist unit are registered.

(b) Each Exchange specialist unit must make itself available semi-annually, off the Exchange Trading Floor, for contact with representatives of each of the 15 largest Exchange member organizations, representatives of each other member organization that is a significant customer of the specialist unit, and representatives of any other member organization that requests such contact.

(c) On a semi-annual basis, each specialist unit shall upon request of the Exchange, provide in such form and format as the Exchange may from time to time prescribe, a record of their contacts with senior officials of their listed companies, their off-Floor contacts with representatives of each of the 15 largest Exchange member organizations, their off-Floor contacts with each other member organization that is a significant customer of the specialist unit, and their off-Floor contacts with any other member organization that requests such contact.

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Taking Book or Order of Another Member

Rule 106A – NYSE Alternext Equities. When a member temporarily takes the book of a specialist or an order from another member, he shall, while he is in possession of that book or order and for the remainder of the day, stand in the same relationship to the book or order as the specialist or other member himself.

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Rule 107 – NYSE Alternext Equities. Reserved.

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Limitation on Members' Bids and Offers

Rule 108 – NYSE Alternext Equities. On parity

(a) No bid or offer made by a member or made on an order for stock originated by a member while on the Floor to establish or increase a position in such stock for an account in which such member has an interest shall be entitled to parity with a bid or offer made on an order originated off the Floor, except that such a bid or offer shall be entitled to parity with a bid or offer made on an order originated off the Floor and being executed pursuant to Section 11(a)(1)(G) of the Act and Rule 11a1-1(T) thereunder. The foregoing shall not apply to specialists, with respect to automatic executions. Members who do not want specialists to trade on parity with their customers' orders may not include such orders in their Floor broker agency interest files.

On precedence based on size

(b) No bid or offer made by a member or made on an order for stock originated by a member while on the Floor to establish or increase a position in such stock for an account in which such member has an interest shall be entitled to precedence based on size over a bid or offer made on an order originated off the Floor, except that such a bid or offer shall be entitled to precedence based on size over a bid or offer made on an order originated off the Floor and being executed pursuant to Section 11(a)(1)(G) of the Act and Rule 11a1-1(T) thereunder.

Exceptions

(c) The provisions of paragraphs (a) and (b) shall not apply to bids or offers made:

(1) By an odd-lot dealer in a stock in which he is registered as an odd-lot dealer to offset a position acquired as an odd-lot dealer;

(2) to offset a transaction made in error;

(3) for bona fide arbitrage.

(See Rule 90(c) – NYSE Alternext Equities ‘Dealings by Members in the Exchange’ and Rule 112– NYSE Alternext Equities for ‘Interpretations and Instructions’.)

••• Supplementary Material:

.10 Combining own bids or offers with orders.—When members combine bids or offers for own account with orders in their possession for the purpose of initiating or increasing a position and purchase or sell stock they must, if the amount bought or sold is in excess of their orders, ask other members in the Crowd at the time who made bids or offers at the price of the transaction, including the specialists, if they have public orders. If such be the case, the member who bought or sold the stock must turn over to the other members on their public orders the amount in excess of his orders before retaining the remainder for his own account. This does not apply when the member is covering a short position or liquidating a long position for his own account.

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Rule 109 – NYSE Alternext Equities – 111 – NYSE Alternext Equities. Reserved.

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Orders initiated ‘Off the Floor.’

Rule 112 – NYSE Alternext Equities. (a) All orders in stocks for the account of a member organization or any member, allied member, or approved person in such organization or officer or employee thereof or a discretionary account serviced by the member or member organization must be sent to the Floor through a clearing firm’s order room or other facilities regularly used for transmission of public customers’ orders to the Floor.

The restrictions of paragraph (a) above shall not apply to an order:

(i) when a Floor Official expressly invites a member or members to participate in a difficult market situation;

(ii) to facilitate the purchase or sale of a block of stock because the market on the Floor could not readily absorb the block at a particular price or prices;

(iii) to sell stock for an account in which the member organization is directly or indirectly interested if, in facilitating the sale of a large block of stock, the member organization acquired its position on the Floor because the demand was not sufficient to absorb the block at a particular price or prices;

(iv) to effect bona fide arbitrage or to engage in the purchase and sale, or sale and purchase of securities of companies involved in publicly announced merger, acquisition, consolidation, tender, etc.; or

(v) to offset a transaction made in error.

(b) ‘On the Floor’ or ‘On-Floor’ means the trading Floor of the Exchange as defined in Rule 6 – NYSE Alternext Equities.

(c) A member using a communication facility located on the Floor of the Exchange to enter an order for his own account will be deemed to be initiating an off-Floor order if such order is routed through a clearing firm’s order room, where a time-stamped record of the order is maintained, before such order is re-transmitted to the Floor for execution. However, an off-Floor order for an account in which a member has an interest is to be treated as an on-Floor order if it is executed by the member who initiated it.

(d) Any order entered by a member organization for any account in which it, or any member, allied member, or approved person in such organization or officer or employee thereof is directly or indirectly interested, or for any discretionary account serviced by the member organization, following a conversation with a member or employee in that organization who is on the Floor, shall be deemed to be an off-Floor order, provided (i) that such order is transmitted to the Floor through an order room or other facility regularly used for the transmission of public orders to the Floor, where a time-stamped record of the order is maintained; or (ii) an exception from the order room transmission requirement is available under paragraph (a) of this Rule.

(e) No member or member organization shall execute, or cause to have executed, on the Exchange, any order for any account in which such member, member organization, or any member, allied member, or approved person in such organization or officer or employee thereof is directly or indirectly interested, or for any discretionary account serviced by the member or member organization, in contravention of any Exchange policy against the front-running of block transactions that the Exchange may from time to time adopt and make known to its members.

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Specialists’ Public Customers

Rule 113 – NYSE Alternext Equities. (a) No specialist, the member organization with which he is associated, or subsidiary of such organization within the meaning of Rule 321 – NYSE Alternext Equities, or any approved person of the same member organization as such specialist, shall accept an order for the purchase or sale of any stock in which he is registered as a specialist directly (1) from the company issuing such stock; (2) from any officer, director or 10% stockholder

of that company; (3) from any pension or profit-sharing fund; (4) from any institution, such as a bank, trust company, insurance company, or investment company.

(b) No order given to a specialist for the purchase or sale of a security in which he is registered as a specialist shall indicate in any way the account for which it is entered except for orders received by the specialist by means other than any Exchange automated order routing system for accounts in which any of the below-named persons or parties has a direct or indirect interest:

(i) The specialist himself;

(ii) any member, allied member, officer, employee or person or party active in the business of such specialist;

(iii) the spouse and children of any of the above-named persons or parties who reside in the same household as such person or party; and

(iv) any approved person of the same member organization as such specialist.

(c) Every specialist shall report to the Exchange on a monthly basis, on such form and in such format as the Exchange may prescribe, a record of all purchases and sales effected in stocks in which he is registered for any customer account not prohibited under section (a) which:

(1) is carried by his member organization; or

(2) is serviced by him or his member organization; or

(3) is introduced by him or his member organization to another member organization on a disclosed basis.

••• Supplementary Material:

.20 ‘Popularizing’ specialty stocks.— It is contrary to good business practice for a specialist or his member organization or any other member, allied member or approved person (other than an approved person entitled to an exemption from this Rule pursuant to Rule 98– NYSE Alternext Equities) in such organization or any officer or employee thereof to ‘popularize’, either orally or in writing, any security in which he is registered. An approved person entitled to the exemption from this Rule pursuant to Rule 98 – NYSE Alternext Equities may popularize a security in which an associated specialist is registered, provided that it makes the following disclosures:

(i) It is associated with a specialist who makes a market in the security:

(ii) At any given time, the associated specialist may have an inventory position, either ‘long’ or ‘short’, in the security; and

(iii) As a result of the associated specialist’s function as a market maker, such specialist may be on the opposite side of orders executed on the Floor of the Exchange in the security.

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Rule 114 – NYSE Alternext Equities. Reserved.

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Handling of Orders and Reports (Rules 115 – NYSE Alternext Equities—127 – NYSE Alternext Equities)

Disclosure of Specialists' Orders

Rule 115 – NYSE Alternext Equities. A member acting as a specialist may disclose any information in regard to the order entrusted to the specialist:

(i) for the purpose of demonstrating the methods of trading to visitors to the Floor;

(ii) to other market centers in order to comply with Regulation NMS; and

(iii) while acting in a market making capacity, to provide information about buying or selling interest in the market, including aggregated buying or selling interest contained in Floor broker agency interest files other than interest the broker has chosen to exclude from the aggregated buying and selling interest in response to an inquiry from a member conducting a market probe in the normal course of business.

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Orders at Opening or in Unusual Situations

••• Supplementary Material:

Rule 115A – NYSE Alternext Equities. .10 Queries to the Display Book® system prior to an opening.—Specialists, trading assistants and anyone acting on their behalf are prohibited from using the Display Book® system in a manner designed to discover inappropriately information about unelected stop orders when arranging the open or to otherwise attempt to obtain information regarding unelected stop orders.

.20 Arranging an opening or price.—Specialists and other members are not permitted to hold or represent orders of members merely for the purpose of arranging an opening or price except:

(1) In order to facilitate business and establish a fair opening price, a specialist may hold a market order of another member, provided such order is delivered to the specialist before the opening of the Exchange; or, when unusual circumstances prevail, instead of holding such an order

of another member, the specialist may give up his own name with the intention of changing the name after the opening, provided such procedure is limited to one side of the market; or

(2) when a Floor Official has determined that unusual circumstances are present or apparent, and, in the interest of an orderly market, requests specialists or other members to hold market and limited orders of members in order to assist in establishing a fair price.

- a. In arranging an opening or reopening, a limited price order to buy which is at a higher price than the security is to be opened or reopened is to be treated as a market order. Similarly, a limited price order to sell which is at a lower price than the security is to be opened or reopened is to be treated as a market order.
- b. Market orders shall have precedence over limited orders at the opening or reopening of the market in a security. When the price on a limited price order is the same as the price at which the stock is to be opened or reopened, it may not be possible to execute a limited price order at such price.
- c. In arranging an opening or reopening, a specialist is required to see that each market order he holds participates in the opening transaction. If the order is for an amount larger than one unit of trading, the size of the bid which is accepted or the offer which is taken establishing the opening or reopening price shall be the amount that a market order is entitled to participate in at the opening or reopening.

‘Pair-offs.’—A specialist who, as provided in (1) above, holds a market order of another member or gives up his own name instead of holding the order, may, in arranging the opening, ‘pair-off’ such an order against any order held by the specialist or by another member.

The member who leaves such an order with the specialist should, as promptly as possible after the opening of the stock, return to the Post. The specialist must retain the order slip and must advise the member as to the broker and the name given up on the opposite side of the transaction. The member should proceed as promptly as possible to confirm the transaction with the broker on the opposite side.

Failure to comply with the time periods specified in the paragraph ‘Responsibility for Losses’ below shall relieve the specialist from responsibility for any loss that may result.

In the event that the specialist has given up his own name instead of holding a member’s order, and, based upon such order, the specialist has effected a ‘pair-off’ against an order of another member, the specialist should notify the member to whom he originally gave his own name of the broker and the name given up on the opposite side of the transaction. Such member should proceed as promptly as possible to confirm the transaction with the broker on the opposite side. If the specialist has effected the ‘pair-off’ against an order which he handled as a broker, he should send a give-up notice to the member to whom he originally gave his own name.

‘Stopping.’—When a specialist has been unable to ‘pair-off’ a market order which has been left with him, as provided in (1) above, he may, after opening of the Exchange but before the opening of the stock, ‘stop’ at the offer price any such market order to buy, or at the bid price any such market order to sell. In such cases, the specialist should notify the broker who left the order

with him that the order is ‘stopped’ and inform him of the price at which it is ‘stopped.’ In the event that the specialist is unable to execute the order at a better price, he should send for the broker who left such order with him, and allow the broker to consummate the transaction.

Establishing a fair price.—A specialist or other member who holds orders in order to assist in establishing a fair price, as provided in (2) above, should, after the establishment of such price, send for the members whose orders were held for that purpose. Such members should proceed as promptly as possible to confirm the transactions with the brokers on the opposite side.

Responsibility for losses.—A specialist or other member who makes an error in arranging an opening or establishing a fair price shall not be responsible for any loss involved if the member whose order has been held or represented neglects to endeavor to confirm the transaction.

In the event that a member endeavors to confirm a transaction resulting from an order left with the specialist as provided in (1) above, but is unable to do so because of an error made by the specialist in arranging an opening, the specialist shall be responsible for any loss which may be involved, except when:

(1) the broker who left such order fails to return to the Post within 30 minutes after the opening sale; or

(2) The broker who left such order returns to the Post within 30 minutes after the opening sale, but neglects to endeavor to confirm the transaction with the broker on the opposite side within 30 minutes after returning to the Post.

Precautions to avoid errors.—The possibility of confusion and errors will be substantially reduced if members who leave orders with specialists, as prescribed above, would make notations thereon of their names or badge numbers, and if specialists would make notations on orders which they return to members as to the brokers and the names given up on the opposite side.

30 Opening Automated Report Service.—The Opening Automated Report Service (the Service) is a system designed to facilitate the efficient and accurate processing of eligible orders received by the Exchange prior to the opening or reopening of trading in designated stocks. For each designated stock, the Service will perform the following functions:

store (but not deliver to the trading post) eligible pre-opening orders; receive the opening price from the specialist and assign such price to each stored order; and

transmit execution reports to member firms which submitted the orders containing information regarding the transaction.

The Exchange, in its discretion, will designate the stocks and the size and type of orders eligible for inclusion in the Service as well as other operational characteristics and may change such designation or characteristics from time to time.

Orders in the Opening Automated Report Service—Orders stored in the Opening Automated Report Service shall be deemed market orders of a member held by the specialist to facilitate business and establish a fair opening or re-opening price as provided for in Rule 115A.20 – NYSE

Alternext Equities above. The paragraphs in Rule 115A.20 – NYSE Alternext Equities above pertaining to ‘pair-offs’, ‘stopping’, establishing a fair price, responsibility for losses and precautions to avoid errors shall not apply to the execution of orders stored in the Service. Furthermore, other rules of the Exchange, to the extent inconsistent with the provisions of this Section or the operation of the Opening Automated Report Service, shall not apply to orders stored in the Service.

Execution of Orders—In opening each stock in which the specialist has orders stored in the Opening Automated Report Service, the specialist shall proceed in the following manner.

To the extent practicable such orders shall be executed as follows:

1. by pairing-off orders on opposite sides stored in the Service against each other; and
2. by pairing-off any imbalance of orders stored in the Service against any orders on the opposite side of the market held by the specialist or by another member on the Floor or by the specialist taking or supplying stock for his own account.

Reporting and Comparison—With respect to any order submitted by a member organization and stored in the Service, such member organization shall receive ‘OPN’ (or such other universal contra as the Exchange may designate) as the contra party on the report of execution.

Each member whose order or bid or offer was paired-off against an imbalance in the Service pursuant to subparagraph (2) of ‘Execution of Orders’ above, shall report the transaction as provided for in Rule 131 – NYSE Alternext Equities with ‘OARS’ (or such other universal contra as the Exchange may designate) as the contra party. The clearing member or member organization who receives such report shall submit the trade to a Qualified Clearing Agency as part of its normal comparison data with OARS as the contra party.

Differences and Omissions

(a)(1) When a specialist is notified by the Exchange that a member or member organization failed to submit comparison data or submitted incorrect data with respect to a transaction for which OARS was given by the specialist as the contra party, such specialist shall research such item pursuant to the procedures set forth in Rule 134 – NYSE Alternext Equities.

(2) Items not yet resolved by 4:00 p.m. of the second business day following the day of the transaction shall be accepted by the specialist for his own account. Such acceptance of the transaction for his own account shall not prejudice the specialist’s right to subsequently resolve the transaction with the member he knows as the contra-party to the trade.

Records of Orders

Orders stored in the Opening Automated Report Service shall be deemed to comply with the provisions of Rules 117 – NYSE Alternext Equities and 123.20 – NYSE Alternext Equities that orders be in writing.

Records provided to the specialist by the Service shall be preserved pursuant to Rule 121 – NYSE Alternext Equities. Records which are maintained as part of the Service log but not printed at the Post or otherwise provided to the specialist shall satisfy the recordkeeping responsibility of the specialist required by Rule 121 – NYSE Alternext Equities.

The use of universal contras (OPN and OARS) in transactions involving orders stored in the Service and the processing of such transactions as provided above shall not be deemed inconsistent with provisions of Rules 121.10 – NYSE Alternext Equities and 138 – NYSE Alternext Equities.

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‘Stop’ Constitutes Guarantee

Rule 116 – NYSE Alternext Equities. An agreement by a member to ‘stop’ securities at a specified price shall constitute a guarantee of the purchase or sale by him of the securities at that price or its equivalent.

If an order is executed at a less favorable price than that agreed upon, the member who agreed to stop the securities shall be liable for an adjustment of the difference between the two prices.

••• Supplementary Material:

.10 **Reporting ‘stops’.**—Members and member organizations should report to their customers that securities have been ‘stopped’ with another member only if the ‘stop’ is unconditional and the other member had definitely agreed thereto.

.20 **‘Stopping’ stock.**—The privilege of stopping stock, other than rights, shall not be granted or accepted by a Floor broker, except that, in a minimum variation market, a Floor broker who holds simultaneously an order to buy at the market and an order to sell the same stock at the market may stop such purchase and selling orders against each other and pair them off at prices and in amounts corresponding to those of the subsequent sales in the stock as they occur in the market. This exception will also apply when two Floor brokers, one holding an order to buy at the market and the other holding an order to sell the same stock at the market, arrive in the Crowd at the same time.

For the purpose of the exceptions provided herein, a limited order to buy which is possible of execution at the prevailing offer price or a limited order to sell which is possible of execution at the prevailing bid price may be regarded as a market order.

.30 **Restrictions on ‘stopping’ stock by specialists.**—No specialist may stop stock against the book or for his own account.

.40 **‘Stopping’ stock on market-at-the-close orders.** Notwithstanding any provisions of this Rule or of any other Exchange Rule to the contrary, a member shall execute market-at-the-close and marketable limit-at-the-close orders in a stock as provided below, where the member is holding simultaneously both buy and sell market-at-the-close and/or marketable limit-at-the-close orders.

(A) All Stop Orders that would be elected based on the closing price will be automatically and systemically converted to market orders and included in the total number of market-at-the-close orders to be executed at the close in accordance with the provisions provided below.

(B) Where there is an imbalance between the buy and sell market-at-the-close orders, the member shall, at the close of trading on the Exchange in that stock on that day, execute the imbalance against the prevailing bid or offer on the Exchange, as appropriate.

(C) Where the aggregate size of the buy market-at-the-close orders equals the aggregate size of the sell market-at-the-close orders, the buy orders and sell orders shall be stopped against each other and paired-off at the price of the last sale of the Exchange just prior to the close of trading in that stock on that day. The transaction shall be reported to the consolidated last sale reporting system as 'stopped stock'. See Rule 123C – NYSE Alternext Equities for discussion of procedures applicable to market-at-the-close and limit-at-the close orders.

.50 Queries to the Display Book ® system prior to the close.—Specialists, trading assistants and anyone acting on their behalf are prohibited from using the Display Book® system in a manner designed to discover inappropriately information about unelected stop orders when arranging the close or to otherwise attempt to obtain information regarding unelected stop orders.

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Orders of Members To Be in Writing

Rule 117 – NYSE Alternext Equities. No member on the Floor shall make any bid, offer or transaction for or on behalf of another member except pursuant to a written or electronically recorded order. If a member to whom an order has been entrusted leaves the Crowd without actually transferring the order to another member, the order shall not be represented in the market during his or her absence, except with respect to any portion of his or her agency interest file that was not cancelled before the member left the Crowd, notwithstanding that such failure to cancel an agency interest file is a violation of Exchange rules.

••• *Supplementary Material:*

.10 **Absence from Crowd.**—When a member keeps an order in his or her possession and leaves the Crowd in which dealings in the security are conducted, the member is not entitled during his or her absence to have any bid, offer or transaction made in such security on his or her behalf or to have dealings in the security held up until he or she is summoned to the Crowd, except that the member shall be held to any executions involving his or her agency interest files. To insure representation of an order in the market during his or her absence, a member must therefore actually turn the order over to another member who will undertake to remain in the Crowd. If a member keeps the order in his or her possession and during his or her absence from the Crowd the security sells at or through the limit of his or her order, the member will be deemed to have missed the market.

.20 Re-opening contracts.—Transactions in securities made by a member when he has no order for the purchase or sale thereof must be consummated for the account of the member or his member organization and may not later be assumed by another account.

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Orders To Be Reduced and Increased on Ex-Date

Rule 118 – NYSE Alternext Equities. When a security is quoted ex-dividend, ex-distribution, ex-rights or ex-interest, the following kinds of orders shall be reduced by the value of the payment or rights, and increased in shares in the case of stock dividends and stock distributions which result in round-lots, on the day the security sells ex:

- (1) Open buying orders;
- (2) open stop orders to sell.

The following shall not be reduced:

- (1) Open stop orders to buy;
- (2) open selling orders.

••• Supplementary Material:

.10 Reduction of orders—Odd amounts.—When the amount of a cash dividend is not equivalent to or is not a multiple of the fraction of a dollar in which bids and offers are made in the particular stock, orders shall be reduced by the next higher variation.

.20 Reduction of orders—Optional amounts.—When a dividend is payable at the option of the stockholder either in cash or securities, the stock will be ex-dividend the value of the cash or securities, whichever is greater.

.21 Reduction of orders—Proportional procedure.—Open buy orders and open stop orders to sell shall be reduced by the proportional value of a stock dividend or stock distribution on the day a security sells ex-dividend or ex-distribution. The new price of the order is determined by dividing the price of the original order by 100% plus the percentage value of the stock dividend or stock distribution. For example, in a stock dividend of 3%, the price of an order would be divided by 103%.

The chart below lists, for the more frequent stock distributions, the percentages by which the prices of open buy orders and open stop orders to sell shall be divided to determine the new order prices.

<u>Distribution</u>	<u>Price of Order</u> <u>Divided by</u>	<u>Distribution</u>	<u>Price of Order</u> <u>Divided by</u>
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<u>5-for-4</u>	<u>125%</u>	<u>2-for-1</u>	<u>200%</u>
<u>4-for-3</u>	<u>133$\frac{1}{3}$%</u>	<u>5-for-2</u>	<u>250%</u>
<u>3-for-2</u>	<u>150%</u>	<u>3-for-1</u>	<u>300%</u>
<u>5-for-3</u>	<u>166$\frac{2}{3}$%</u>	<u>4-for-1</u>	<u>400%</u>

If as a result of this calculation, the price is not equivalent to or is not a multiple of the fraction of a dollar in which bids and offers are made in the particular security, the price should be rounded to the next lower variation.

In reverse splits, all orders (including open sell orders and open stop orders to buy) should be cancelled.

22 Procedure for increase in number of shares.—When there is a stock dividend or stock distribution, open buy orders and open stop orders to sell shall be increased in shares as follows:

(a) When there is a stock dividend or stock distribution which results in one or more *full* shares for each share held, the number of shares in open buy orders and open stop orders to sell shall be increased accordingly.

EXAMPLES:

A 3-for-1 stock distribution.

An order for 100 shares is increased to 300 shares.

An order for 200 shares is increased to 600 shares.

An order for 500 shares is increased to 1500 shares.

(b) When there is a stock dividend or stock distribution of less than a one-for-one basis and thus results in *fractional* shares, open buy orders and open stop orders to sell shall be increased to the lowest full round-lot.

EXAMPLES:

A 25% stock dividend or a 5-for-4 stock distribution.

An order for 100 shares remains at 100 shares.

An order for 300 shares remains at 300 shares.

An order for 900 shares is increased to 1100 shares.

An order for 2000 shares is increased to 2500 shares.

(c) When there is a stock dividend or stock distribution which results in *fractional* shares combined with *full* shares, the number of shares in open buy orders and open stop orders to sell shall be increased to the lowest full round-lot.

EXAMPLES:

A 5-for-2 stock distribution.

An order for 100 shares is increased to 200 shares.

An order for 200 shares is increased to 500 shares.

An order for 700 shares is increased to 1700 shares.

An order for 1200 shares is increased to 3000 shares.

.30 Responsibility for reducing price and increasing shares in orders.— Open orders held by a specialist prior to the day a stock sells ex-dividend, ex-distribution or ex-rights shall be reduced in price and, if paragraph .22 above is applicable, increased in shares by the specialist by the value of the dividend, distribution or rights, unless he is otherwise instructed by the members or member organizations from whom the orders were received. In this regard, a member or member organization may enter a Do Not Reduce or ‘DNR’ order if he or it does not want the price of an order reduced for cash dividends, or a Do Not Increase or ‘DNI’ order if he or it does not want an order increased in shares for stock dividends or stock distributions.

The following is the procedure with respect to orders in stocks selling ‘ex’ on the first business day following the periodic confirmation of G.T.C. orders:

(1) The specialist shall be responsible for reducing the price and, if paragraph .22 above is applicable, increasing the shares in orders which are properly confirmed or renewed on the designated confirmation day prescribed by the Exchange.

(2) The members or member organizations giving orders to the specialist shall be responsible for the reduction of orders which are received by the specialist on the first business day following the designated confirmation day prescribed by the Exchange.

.40 See paragraph (d)(vi) of Rule 900 – NYSE Alternext Equities (Off-Hours Trading: Applicability and Definitions) in respect of the impact of dividends, distributions, rights and interest on Off-Hours Trading.

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Rule 119 – NYSE Alternext Equities – 120 – NYSE Alternext Equities. Reserved.

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Records of Specialists

Rule 121 – NYSE Alternext Equities. Every specialist shall keep a legible record of all orders placed with him in the securities in which he is registered as a specialist and of all executions, modifications and cancellations of such orders, and shall preserve such record and all memoranda relating thereto for a period of at least three years. All such records of orders and modifications or cancellations of such orders shall include the name and amount of the security, the terms of the order, modification or cancellation, and the time when such order, modification or cancellation was received. The specialist shall retain for a period of at least three years any report received from the Exchange relating to the migration to or from, or the execution through, the ‘Off-Hours Trading Facility’ (as Rule 900 – NYSE Alternext Equities (Off-Hours Trading: Applicability and Definitions) defines that term) of any order placed with the specialist.

••• Supplementary Material:

.10 Entry of orders on specialists’ books.—All orders given to specialists or to other members must be entered and treated according to the name appearing on the slip, even though such name may be that of a member who is known to be affiliated with a member organization. Similarly, all reports confirmations, inquiries, give-ups, calls for members to confirm trades, etc. must be made in the name appearing on the slip. However, if a member requests a specialist to give up a clearing name instead of the one on the order slip, the specialist is not prohibited from doing so.

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Orders with More than One Broker

Rule 122 – NYSE Alternext Equities. Except as provided herein, no member, member organization or any allied member therein, or subsidiary of such organization within the meaning of Rule 321 – NYSE Alternext Equities, shall maintain with more than one broker, for execution on the Exchange, market orders or orders at the same price for the purchase or sale of the same security with knowledge that such orders are for the account of the same principal, unless specific permission has been obtained from a Floor Official. However, a Floor broker may transmit manually or from a hand-held terminal to the specialist’s display book, for representation by the specialist, a portion of an order, while retaining the balance of the order. In any instance where a Floor broker has given the specialist a portion of an order for execution and retained the balance of such order, the Floor broker may not make a bid (offer) on behalf of the retained balance of the order in the auction market or via the Floor broker agency interest file, or execute any part of the retained order as part of an auction market transaction or automatic execution via NYSE Direct+®, at a price at which the portion of the order with the specialist may also be represented in a bid (offer) or executed until the portion of the order sent to the specialist has been executed or cancelled.

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Record of Orders

Rule 123 – NYSE Alternext Equities. (a) Given Out

Every member shall preserve for at least three years a record of every order originated by him on the Floor and given to another member for execution and of every order originated from the Floor which is routed to another market center pursuant to Regulation NMS, and of every order originating off the Floor, transmitted by any person other than a member or member organization, to such member on the Floor, which record shall include the name and amount of the security, the terms of the order and the time when such order was so given or transmitted; provided, however, that the Exchange may, upon application, grant exemptions from the provisions of this Rule.

(b) Receipt of Orders

Every member shall preserve for at least three years a record of every order received by that member on the Floor from off the Floor. Such record shall include the name and amount of the security, the terms of the order and the time when such order was received. The provisions of this paragraph shall not apply to orders in the Exchange listed securities initiated and/or routed from a member organization's booth premise operating pursuant to Exchange Rule 70.40 – NYSE Alternext Equities for execution on another market center. Orders initiated and/or routed from a member organization's booth premise operating pursuant to Exchange Rule 70.40 – NYSE Alternext Equities for execution on another market center must comply with the provisions of the Exchange Rule 132B – NYSE Alternext Equities.

(c) Cancelled or Executed

Whenever a cancellation is entered with respect to such an order or an order routed to another market center pursuant to Regulation NMS or a report of the execution of such an order or an order routed to another market center pursuant to Regulation NMS is received, there shall be preserved for at least three years, in addition to the record required by the foregoing paragraph, a record of the cancellation of the order or of the receipt of such report, which shall include the time of the entry of such cancellation or of the receipt of such report.

(d) By Accounts

Before any such order is executed, including the case where an order is routed to another market center for execution pursuant to Regulation NMS there shall be placed upon the order slip or other record the name or designation of the account for which such order is to be executed. No change in such account name or designation shall be made unless the change has been authorized by any member, allied member or officer in the member organization or authorized representative thereof who shall, prior to giving his approval of such change, be personally informed of the essential facts relative thereto and shall indicate his approval of such change in writing on the order.

(e) System Entry Required

(i) Except as provided in paragraphs .21 and .22 below, immediately following the receipt of an order in an the Exchange listed security on the Floor, members and member organizations must

record the details of the order in an electronic system on the Floor. Any member organization proprietary system used to record the details of the order and agency interest file must be capable of transmitting these details to a designated Exchange data base within such time frame as the Exchange may prescribe. No Floor member or member organization shall represent, execute or place an agency interest file within the Display Book system or routed to a Floor broker for execution at the post unless the details of the order have been entered into an electronic system on the Floor.

(ii) Member organizations operating an approved booth premises pursuant to Exchange Rule 70.40 – NYSE Alternext Equities are only subject to the provisions of subparagraph (i) above when the order received or any part thereof in a member organization’s approved booth premise is to be represented, executed or placed in an agency interest file within the Display Book System or routed to a Floor broker for execution at the post.

(iii) The details of each order required to be recorded by paragraphs (i) and (ii) above shall include the following data elements, any changes in the terms of the order and cancellations, in such form as the Exchange may from time to time prescribe:

1. Symbol;
2. Clearing member organization;
3. Order identifier that uniquely identifies order
4. Identification of member or member organization recording order details;
5. Number of shares or quantity of security;
6. Side of market;
7. Designation as market, auction market, limit, stop, or auction limit order;
8. Any limit price, stop price, discretionary price range, discretionary volume range, discretionary quote price, pegging ceiling price, pegging floor price and/or whether discretionary instructions are active in connection with interest displayed by other market centers;
9. Time in force;
10. Designation as held or not held;
11. Any special conditions;
12. System-generated time of recording order details, modification of terms of order or cancellation of order; and
13. Such other information as the Exchange may from time to time require.

(iv) The Floor member must identify which orders or portions thereof are being made part of the Floor broker agency interest file and, with respect to such orders or portions thereof, what discretionary and/or pegging instructions, if any, have been assigned pursuant to such procedures as required by the Exchange.

(f) Reports of Order Executions

Order execution reports must be entered into the same database as required by this rule for the entry of orders. Any member organization proprietary system used to record the details of an order pursuant to paragraph (e) must also be capable of transmitting a report of the order's execution to such database. Order execution reports must be entered into such system within such time frame as the Exchange may prescribe. The details of each execution report required to be recorded shall include the following data elements, and any modifications to the report, in such form as the Exchange may from time to time prescribe:

1. Order identifier that uniquely identifies the order as required by paragraph (e);
2. Symbol;
3. Number of shares or quantity of security;
4. Transaction price;
5. Time the trade was executed;
6. Executing broker badge number, or alpha symbol as may be used from time to time, in regard to its side of the contract;
7. Executing broker badge number, or alpha symbol as may be used from time to time, of the contra side to the contract;
8. Clearing firm number, or alpha symbol as may be used from time to time, in regard to its side of the contract;
9. Clearing firm number, or alpha symbol as may be used from time to time, in regard to the contra side of the contract;
10. Whether the account for which the order was executed was that of a member or member organization or of a non-member or non-member organization;
11. Identification of member or member organization which recorded order details as required by paragraph (e);
12. Date the order was entered into an Exchange system;
13. Indication as to whether this is a modification to a previously submitted report;
14. Settlement Instructions (e.g., cash, next day, or seller's option);

15. Special Trade Indication, if applicable;
16. Online Comparison System (OCS) Control Number;
17. Such other information as the Exchange may from time to time require.

(g) Requests to Yield

A request to a specialist to yield to a customer order in accordance with Rule 104.10(5)(i)(a)(I)(d) – NYSE Alternext Equities is a condition of that order and must be documented in accordance with applicable books and records requirements.

••• Supplementary Material:

.10 Orders originated on or transmitted to the Floor.—When giving out orders originating on the Floor, or transmitted by any person other than a member or member organization to members on the Floor, or when changing or cancelling orders previously given, members are required to do so electronically, or in writing. This requirement, as well the requirement as provided in Rule 123 – NYSE Alternext Equities, above, relating to the keeping of records, may be met by preparing and retaining a duplicate of each such order given out and of any subsequent changes.

.20 Orders.—For purposes of paragraph (e), an order shall be any written, oral or electronic instruction to effect a transaction.

.21 Orders not subject to paragraph (e) recording requirements.—Any order executed by a specialist for his or her own account and any orders which by their terms are incompatible for entry in an Exchange system relied on by a Floor member to record the details of the order in compliance with this Rule shall be exempt from the order entry requirements of paragraph (e) above.

.22 With respect to a bona fide arbitrage order, a member may execute such order before entering the order into an electronic system as required by paragraph (e) above, but such member must enter such order into such electronic system no later than 60 seconds after the execution of such order. With respect to an order to offset a transaction made in error, a member may, upon discovering such error within the same trading session, effect an offsetting transaction without first entering such order into an electronic system, but such member must enter such order into such electronic system no later than 60 seconds after the execution of such order.

.23 Time standards.—Any vendor or proprietary system used by a member or member organization on the Floor to record the details of an order or report for purposes of this rule must be synchronized with reference to a time source as designated by the Exchange.

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Miscellaneous Requirements

••• Supplementary Material:

Rule 123A – NYSE Alternext Equities. .10 Limited orders—Market orders.—If a member gives a specialist an order to sell stock at a limit and thereafter the specialist receives another order to sell at the market, the specialist must execute the market order below the limited order, unless he can execute them both at the same price. The same principle applies to orders to buy.

.20 Sending orders to specialists.—In view of the provisions of Section 11(b) of the Securities Exchange Act of 1934, members and member organizations must not transmit to specialists any orders except written market or limited price orders.

Members will facilitate business on the Floor by sending their orders to the specialists as early as possible before the opening, and by requesting their customers and correspondents to file G.T.C. orders wherever possible, rather than to repeat the same order each morning.

In the event of a change in a day order to an open order, such open order is considered to be a new order and must be added to the book after other orders previously received at the same price.

.22 Sending odd-lot orders.—So far as possible, odd-lot orders should be in the hands of odd-lot brokers on the Floor not later than 15 minutes prior to the opening of trading on the Exchange.

.23 Use of order and report forms.—Members and member organizations who rent telephone spaces on the Floor may use at such spaces order forms, etc., bearing only their own name. In the case of a member organization, the name of the Exchange member may be used, if desired, provided the prior approval of the Exchange has first been obtained.

A member or member organization who rents no space may use forms bearing their own name in the telephone spaces of other members or member organizations with the permission of the Exchange, but if no such permission has been obtained such slips may be used only for orders originated on the Floor.

A member who acts as a specialist and uses the report pad of another member or member organization, must have his own name placed on said pad in addition to the name of such other member or member organization.

The foregoing does not apply to members who assist other members temporarily or in an emergency, but only to those members who regularly use the pad of another member or member organization.

Members and member organizations are required to use standardized stationery in such format as the Exchange may from time to time prescribe.

.24 (Intentionally left blank)

.25 Standard Machine Order Forms.—All firms proposing to use teletype-writer machines for transmission of orders to the Floor shall obtain the approval of the Exchange for the form prior to use on the Floor. Such order forms shall be 3 1/4' ×4 1/4' long of 15-pound sulphate grade white paper. Carbon paper, if used, should be black and of 8-pound weight. Firms using the same machine to print day and open orders must provide for a day order form and a two-part open order form.

The size of the type for the primary name on the order form should be three-sixteenths of an inch. The size of the type for the alpha symbol should be one-eighth of an inch. The primary name should appear above the alpha symbol in the top seven-eighths of an inch of the form. The upper seven-eighths of an inch section should be separated from the body of the order by a solid thin horizontal line.

The preprinted symbol 'GTC,' in three-sixteenths-inch type, should be located one inch down from the top of the form in the right-hand margin. The receipt stubs of 'GTC' orders should carry the legend 'Receipt of Original Acknowledged' in one-sixteenth-inch type at the bottom of the form.

No other information should appear on the original or copies of the order form without the approval of the Exchange.

.30 A specialist may accept one or more percentage orders.—

(a) The elected or converted portion of a 'percentage order that is convertible on a destabilizing tick and designated immediate execution or cancel election' ('CAP-DI order') may be automatically executed and may participate in a sweep.

(i) CAP-DI orders on the same side of the market as an automatically executed order will be elected by such execution and may participate in a transaction at the electing price if there is contra-side volume available at the electing price after the electing order is filled in its entirety.

(ii) CAP-DI orders on the same side of the market as an automatically executing order sweeping the Display Book® system will be elected at each execution price that is part of the sweep, but will not participate in a transaction at that price if there is volume remaining on the sweeping order. In such case, the elected CAP-DI order will be automatically and systemically unelected in accordance with its terms. At the last execution price that is part of the sweep, elected CAP-DI orders may participate in an execution at that price if there is contra-side volume remaining on the Display Book® system or from contra-side elected CAP-DI orders, after the sweeping order is filled or is otherwise unable to continue executing.

(iii) CAP-DI orders on the contra-side of the market as an automatically executed order will be elected by such execution and may participate in a transaction at the electing price if there is volume available at the electing price.

(iv) CAP-DI orders on the contra-side of the market as an automatically executing electing order sweeping the Display Book® system will be elected at each execution price that is part of the sweep, and participate in a transaction at such price if there is volume available on the Display

Book® system or from elected CAP-DI orders on the same side of the market as the sweeping order.

(v) When a specialist is bidding, offering or trading and an automatic execution occurs with the specialist's proprietary interest, marketable CAP-DI orders on the Display Book® system on the same side as the specialist will be automatically converted to participate in this execution in accordance with this rule.

When accepting more than one order, the specialist must make every effort to inform the entering brokers that they will be participating with another order or orders. Information of this type would alert brokers to the fact that each order will do less than 50% of the volume. When the specialist is handling more than one percentage order, each such order will be on parity with the other. When an odd amount of shares is involved, for example, 300 shares, and a specialist holds two percentage orders, he must give the extra 100 shares to the broker having priority on a time basis. Therefore, all percentage orders given to a specialist must be time-stamped by the specialist at his Post location.

If a specialist feels he cannot properly handle a number of percentage orders at one time, he should call in a Floor Official to discuss the situation.

If so instructed by the entering broker(s), percentage orders to buy will be converted into regular limit orders for transactions effected on 'minus' or 'zero minus' ticks. Conversely, if so instructed by the entering broker(s), percentage orders to sell will be converted into regular limit orders for transactions effected on 'plus' or 'zero plus' ticks.

Special Conversion Instructions. In addition to the conversion instructions discussed immediately above, the entering broker(s) may further instruct the specialist that he may, but shall not be required to, convert a percentage order to buy into a regular limit order for transactions effected on 'zero plus' and 'plus' ticks. Conversely, the entering broker(s) may further instruct the specialist that he may, but shall not be required to, convert a percentage order to sell into a regular limit order for transactions effected on 'zero minus' or 'minus' ticks. (These ticks are hereinafter collectively referred to as 'destabilizing ticks'.) Pursuant to these special conversion instructions, the specialist may convert a percentage order on a destabilizing tick only where (i) the transaction for which the order is being converted is for less than 10,000 shares or a quantity of stock having a market value of less than \$500,000 and the price at which the converted percentage order is to be executed is no more than 0.10 away from the last sale price; or (ii) the transaction for which the order is being converted is for 10,000 shares or more or a quantity of stock having a market value of \$500,000 or more and the price at which the converted percentage order is to be executed is no more than 0.25 away from the last sale price.

The specialist may convert a percentage order on a stabilizing tick to make a bid or offer in such size as he deems appropriate. The specialist may convert a percentage order on a destabilizing tick to make a bid or offer in such size as he deems appropriate to add size to prevailing bid or offer.

In addition, the specialist may, except as provided below, convert a percentage order on a destabilizing tick to establish a new bid in such size as he deems appropriate, (i) immediately

following a transaction where such transaction has cleared the Floor of bids and offers, or (ii) to narrow the quotation spread, provided that no such bid may be more than 0.10 of a point higher than the last sale. The specialist's conversion of a percentage order to establish a new bid pursuant to (i) and (ii) above shall be further subject to the following conditions:

- 1) Where the specialist has converted a percentage order to buy on a destabilizing tick as otherwise permitted by this rule, he may not convert a percentage order to buy to establish a new bid at a price which is higher than the price of the transaction, unless there is an intervening transaction at a price that is independent of the price established by the specialist through the conversion of a percentage order.
- 2) Where the specialist has converted a percentage order to buy to establish a new bid that is higher than the last sale price, with the result that a transaction is effected at the bid price, he may not convert a percentage order to buy to participate in a trade as otherwise permitted by this rule, unless there is an intervening transaction at a price that is independent of the price established by the specialist through the conversion of a percentage order.
- 3) Where the specialist has converted a percentage order to buy to establish a new bid that is higher than the last sale, he may not convert a percentage order to subsequently establish a higher bid, unless there is an intervening transaction at a price independent of the price established by the specialist through the conversion of a percentage order.

The same principles shall apply in the case of a specialist's conversion of percentage orders to sell. With the prior approval of a Floor Governor, Senior Floor Official, or Executive Floor Official, the specialist may convert a percentage order to make a destabilizing bid or offer at a price which would otherwise be prohibited under the limitations and conditions stated above.

Any percentage order or portion thereof converted to make a bid or offer shall be considered as a limit order on the book and will be ahead of other limit orders subsequently received by the specialist at that price, and any such bid or offer made pursuant to such order shall have the same standing in the market as would be provided any other bid or offer under the Exchange's auction market rules and procedures dealing with priority, parity, and precedence. Where the specialist has converted a percentage order to make or add to a bid (offer) as permitted by this rule, and subsequently additional buying or selling interest enters the market and establishes a different higher bid (lower offer), the original converted order or portion thereof shall retain its status on the book as a limit order at the price at which it was converted. However, unless the order has been converted at its maximum limit price, if a transaction is effected upon such higher bid (lower offer), and another bid (offer) is made at a price higher (lower) than such transaction, the original converted order or portion thereof shall be treated as a cancelled order on the book and revert to its original status as a percentage order subject to subsequent election or further conversion as permitted by this rule. Where the specialist has converted a percentage order to make or add to a bid or offer as permitted by this rule, and subsequently additional size is added to a prevailing bid or offer on the opposite side of the market from the converted percentage order, or a different bid or offer is established on the opposite side of the market from the converted percentage order, the specialist may cancel the converted order or portion thereof if he intends to reconvert the order to trade with the interest on the opposite side of the market, and such trade is otherwise permitted by

this rule. The specialist must document the status of a converted percentage order on the book as a limit order at the price it was converted.

Notwithstanding the provisions of this Rule permitting percentage orders to be converted on destabilizing ticks, where a member holds orders of 10,000 shares or more or a quantity of stock having a market value of \$500,000 or more (whichever is less) to buy or sell a particular stock which he proposes to cross at or within the prevailing market, the specialist may not, unless asked to do so by the member with the cross (assuming the cross is at or within the 0.25 point price parameter of this Rule), convert any percentage order on a destabilizing tick for execution in such proposed cross transaction unless the specialist can (at or within the 0.25 of a point price parameter specified in this Rule, and within the limit price of the order) provide a better price to one side or the other of the proposed cross.

When the specialist is holding one or more percentage orders with special instructions permitting conversions on destabilizing ticks as provided in this Rule, and a member who holds orders to buy and sell 10,000 shares or more or a quantity of stock having a market value of \$500,000 or more (whichever is less) proposes to cross such orders at or within the prevailing market, the specialist shall not, unless asked to do so by the member with the cross, trade for his own account with either the bid or the offer side of such cross (as the case may be), where the effect of such proprietary trade would be to establish a new last sale price, and thereby extend the 0.25 point price parameter specified in this Rule.

In any situation where the specialist is taking or supplying for his own account the security named in a percentage order entrusted to him, the specialist and the entering broker shall comply with the procedures for confirmation of transactions specified in Exchange Rule 91.10 – NYSE Alternext Equities.

Percentage orders that are converted into limit orders shall trade on parity with conventional limit orders at that price on the same side of the market.

The entering broker may permit the specialist to be on parity with his order. However, when the specialist is handling more than one percentage order, he may not be on parity with any such order unless permission has been obtained from all brokers for whom he is holding percentage orders in the particular stock. If a specialist is on parity with one or more percentage orders, at no time may the specialist participate for his own account in an amount in excess of what each percentage order would receive, except that the specialist may participate for his own account to an extent greater than any particular percentage order where the size specified on such order has been satisfied. A specialist on parity with a percentage order remains subject to the limitations in Exchange Rule 104.10 – NYSE Alternext Equities as to transactions for his own account effected on destabilizing ticks. A specialist on parity with a percentage order shall inform the entering broker at the time the order is entered, whether or not he intends to buy or sell, as the case may be, along with the order. Specialists must make every effort to execute percentage orders in amounts which correspond as nearly as possible to the percentage specified therein.

The elected portion of a percentage order shall be handled as a new limited price order and shall take its place on the specialist's book as though it were a new order received at the time of the electing transaction. When a specialist holds more than one percentage order each individual order

shall be elected to the extent of the full amount of the electing transaction; except that percentage orders held by a specialist shall not be elected by any portion of volume which results from the execution of a previously elected or converted portion of a percentage order that is on the same side of the market.

All percentage orders and special instructions related thereto, and any modifications or cancellations thereof shall be in writing. (See also Rule 13 – NYSE Alternext Equities and ‘Records of Specialists’ at Rule 121 – NYSE Alternext Equities.)

Specialists’ Responsibility for Orders and Reports

.31 **Orders sent to specialists’ representatives.**—A member acting as a specialist is responsible for all orders which are given by members to any person designated by said specialist to receive orders for him. Every such specialist must designate a representative at his post to receive orders and cancellations for him. Every specialist or his representative must be at the post not later than one hour prior to the opening of business (or such earlier time as may be set by the Exchange because of unusual circumstances) and must remain on the Floor at least fifteen minutes following the close of the market each day, (or such longer period as may be set by the Exchange because of unusual circumstances) and must not leave the Floor in any event before all reports have been sent out.

.32 **Report not received.**—If a report has not been received from a specialist on an order which he should have executed, the specialist is responsible for any loss which may be sustained up to and including the next opening price. The member or member organization giving the specialist the order is responsible for any further loss thereafter unless the order was for the account of an out-of-town member or member organization, in which case the foregoing loss should be borne jointly by the New York member or member organization and the out-of-town member or member organization.

If a member or member organization makes a written request of a specialist after the close for a report regarding the execution of an order, the specialist must definitely answer the inquiry by at least forty-five minutes prior to the opening of business on the following business day. If a written request is received by a specialist by at least one hour prior to the opening of business on the business day following the trade, the specialist also must answer such inquiry by no later than forty-five minutes prior to the opening of business. If a written request is received by a specialist by at least thirty minutes prior to the opening of business on the business day following the trade, the specialist must answer such inquiry before the opening on that day. The failure of the specialist to meet this requirement will extend the responsibility of the specialist beyond the opening sale until time as the specialist does answer the inquiry. The Exchange may change one or more of the times specified in this paragraph, on a temporary basis, if market conditions so warrant.

No specialist clerk may send a duplicate covering the execution of an order by a specialist after the opening of the day following the trade unless specifically approved by the specialist in each case. Before a duplicate report is sent, the specialist must have personally verified that a commission stub had originally been filled out for the trade in question. If such a stub had not been filled out, it shall be deemed that a report was not originally sent out. In such case the specialist should consult with the member or member organization that entered the order. If there is a loss

involved in the failure of the member or member organization to receive a report, the specialist must assume one-half of such loss even though the member that entered the order did not request a report. In no case where it is deemed that a specialist did not send out a report shall the liability of the specialist extend beyond the closing price on the business day following the day of the transaction.

.33 **Addressed order or order handed to specialist.**—When a specialist receives and retains an order addressed to him for stock other than one in which he specializes, which is delivered by a page or through the tubes, or is handed to him by a member without the member saying anything in relation thereto, the specialist and the member are each responsible for one-half of any loss that may be occasioned thereby.

.34 **Unaddressed order.**—When a specialist receives and retains an unaddressed order, delivered by a page or through the tubes, for a stock other than one in which he specializes, the specialist is entirely responsible for any loss that may be occasioned thereby.

.35 **Erroneous statement.**—When a member hands an order to a specialist and makes an erroneous statement to the specialist at the time as to amount, price or name of the stock, the member is entirely responsible for any loss that may be occasioned thereby.

.36 **Legibility of orders.**—In the preceding three paragraphs, it is assumed that the order was clearly written. If there is any question regarding clarity or legibility the matter should be referred to a Floor Official.

.37 **Identity of stock.**—When a member trades with a specialist the responsibility lies with the member as to the identity of the stock traded in.

.38 **Reports, written and oral.**—If a specialist accepts an order, and later informs a member in writing or orally that the order has been executed, the specialist is responsible for said execution if it has been covered by the tape.

If an order is received and executed by a specialist and he reports in writing or orally to a member that the order was not executed, the specialist cannot compel the member to accept a report subsequently.

.39 **Duplicate reports.**—Duplicate reports issued by specialists must have DUPLICATE (in large letters) prominently stamped on the face of the report.

Broker's Obligation In the Handling of Certain Orders

.41 **Market orders.**— A broker handling a market order is to use due diligence to execute the order at the best price or prices available to him under the published market procedures of the Exchange.

.42 **Limited orders.**— A broker handling a limited price order is to use due diligence to execute the order at the limit price, or at a better price, if available to him under the published market procedures of the Exchange.

.43 **At the close orders.**—A broker handling an ‘at the close’ order is to use due diligence to execute the order in its entirety at the closing price, on the Exchange, of the stock named in the order, and if the order cannot be so executed, it is to be cancelled. (See also Rules 13 – NYSE Alternext Equities and 116.40 – NYSE Alternext Equities.)

.44 **Not held orders.**—A broker who has been given a not held order is to use brokerage judgment in the execution of the order, and if he exercises such judgment, is relieved of all responsibility with respect to the time of execution and the price or prices of execution of such an order.

A specialist may not accept a ‘not held’ order.

.45 **Members’ off-floor orders.**—Two persons consisting of Executive Floor Governors, or in the absence of any of them, two Floor Governors, Senior Floor Officials, or Executive Floor Officials in the order of seniority, have the authority to limit or ban the execution of off-Floor orders for accounts in which members or member organizations have an interest.

.46 Representation by Member of Multiple Orders

A member who has accepted for execution orders on the same side of the market from more than one customer may not proceed to execute any such order until the member discloses to all such customers that he or she is representing multiple orders on the same side of the market if the orders, as they are being executed, may not receive an execution in time priority of receipt, or an equal or strictly proportional split, based on the size of the orders, if that is the case, unless the terms of the order would provide for a different split.

.65 **Stabilizing orders.**—Attention is directed to the provisions of Regulations §-240.10b-6, 7, 8 of the Securities and Exchange Commission in the event a member is given an order for execution on the Exchange and he knows that the order is for the purpose of pegging, fixing or stabilizing the price of a security to facilitate an offering.

Short Sales

.71 **Specialists.**— A specialist who accepts an order to sell short will be charged with seeing that the order is executed only when permitted by the rules regarding short selling.

Whenever the lowest price at which a short order may be executed is altered by reason of a change in the last sale price, the order shall be regarded as a new order at the new price and shall take its place on the specialist’s book as though it were a new order received at the time of the price change.

If a specialist accepts a short order at a limited price, such order shall be entered on his books along with long stock in accordance with the usual practice and rules of precedence.

Great care must be exercised by specialists in the handling of short limited orders. Members entrusting short limited orders to specialists will appreciate that such orders may not retain their precedence when the limit at which they can be executed is changed as a result of the restrictions contained in such rules.

.72 Floor brokers.— The principles stated above regarding the handling of short orders by specialists are applicable also to all Floor brokers. Such brokers will be responsible for seeing that short orders are executed only in conformity with such rules. When such a broker holds two or more selling orders in the same security, the order of precedence outlined in .71, above, for specialists shall govern.

.75 Order Identification.—All members and member organizations shall comply with such requirements concerning the format for noting the identification and cancellation of orders, and such requirements and formats concerning special notations to be placed on orders, as the Exchange may from time to time prescribe.

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Exchange Automated Order Routing System

Rule 123B – NYSE Alternext Equities. (a) The Exchange’s SuperDot System (hereafter referred to as ‘the System’) provides automated order routing and reporting services to facilitate the timely and efficient transmission, execution, and reporting of market and limit orders on the Exchange. Members and member organizations may transmit orders by means of the System of such size as the Exchange may specify from time to time. However, special features of these systems, as described in paragraph (b) below, may be available only to orders of a particular smaller size, as the Exchange may specify from time to time.

The Exchange will from time to time designate the size and types of orders eligible for transmission by means of the System, the securities as to which such orders may be transmitted, and the operational characteristics of the System, and may modify or amend such designations or characteristics from time to time.

(b) Special Features. The following special features shall be available to orders of such size as the Exchange may specify from time to time:

(1) Intentionally omitted

(2) Half-Point Error Guarantee

(A) Rule 411 – NYSE Alternext Equities provides that the price at which an order is executed shall be binding notwithstanding the fact that an erroneous report in respect thereto may have been rendered. As between brokers, when a purchase or sale has been reported in error, and a transaction has appeared on the tape at the price of the erroneous report and in a quantity equal to or exceeding the amount reported, the broker who made the error must render a corrected report not later than noon on the business day following the day of the transaction. If not so corrected, the broker who made the error will be responsible for any resulting loss.

(B) The provisions in paragraph (A) shall not apply to orders received by the specialist through the Designated Order Turnaround System (DOT) and to limit orders of a size as the Exchange shall from time to time determine received by the specialist through the Limit Order

(LMT) System. As to such DOT orders and LMT orders, erroneous execution reports sent by the specialist via the System shall be binding except that (i) if the erroneous report is at a price which is more than one-half point away from the execution price, then the price of the execution shall be binding, and (ii) if the DOT or LMT subscribing member organization requests a correction from the specialist prior to the opening on the second business day following the day of the transaction, the specialist shall correct the execution report to the price of the execution and that price shall be binding. If the erroneous execution report sent by the specialist is at a price which is more than one-half point away from the execution price and if a transaction has appeared on the tape at the price of the erroneous report and in a quantity equal to or exceeding the amount reported, the specialist must render a corrected report no later than noon on the business day following the day of the transaction. If not so corrected, the specialist will be responsible for any resulting loss. However, as to LMT orders, erroneous execution reports sent by the specialist shall also not be binding where the subject security did not trade at or below (or above, as the case may be) the limit price specified on the order on that trading day.

(3) Booth Support System.—An entering member organization may determine to route orders of specified sizes eligible for transmission through the System to the specialist’s post, or to its booth or to the booth of another member. Parameters for market orders are based on the size of the order. Parameters for limit orders are based on the size of the order and whether the order is marketable based on the limit price on the order in relation to the last sale on the Exchange in the subject security.

(c) System trades shall be reported and compared utilizing such universal contra designations as the Exchange may from time to time determine.

(d)(i) Unless otherwise specified in this Rule, a specialist shall execute System orders in accordance with Exchange auction market rules and procedures, including requirements to expose orders to buying and selling interest in the trading Crowd and to cross orders before buying or selling for his own account.

(ii) Notwithstanding paragraph (d)(i) above, a specialist executing System orders in accordance with Rule 104.10(10)(i) – NYSE Alternext Equities is not required to expose such orders to buying and selling interest in the trading Crowd.

All market orders, regardless of size, routed to the specialist’s post by means of the System are ‘held’ orders, and a specialist may be deemed to have ‘missed the market’ if any such order is not executed against prevailing contra side interest in the market at the time he receives the order.

(e) The Exchange shall not be liable for any loss sustained by a member or member organization resulting from the use of the System. Generally, a loss pertaining to an order that is entered through the System and which does not appear on the System’s Merged Order and Report Log will be absorbed by the entering member organization. A loss pertaining to an order that is entered through the System, which was designated for a particular specialist’s post and which does appear on the System’s Merged Order and Report Log will generally be absorbed by the specialist.

Specialist Booth Wire Policy

A. Authorization for Booth Wires

1. Unless it does a business in non-specialty stocks, no specialist member organization shall be authorized by the Exchange to have a booth wire.

B. Specialists' Communications by Means of Their Own Booth Wires or Booth Wires Assigned to Other Members/Member Organizations

1. A specialist may communicate with the upstairs trading desk of a member organization by means of a booth wire assigned to that organization only under the following conditions:
 - a. a specialist may not accept an order in a specialty stock by means of a booth wire.
 - b. a specialist may not accept a modification of an order already in his possession by means of a booth wire.
 - c. if a specialist does not have an order of a member organization in his possession, he may not initiate a communication with that organization's upstairs trading desk.
 - d. if a specialist does have an order in his possession from the member organization, the specialist may initiate a conversation by means of that organization's booth wire with that organization's block trading desk, or he may respond to a request for such a conversation. The specialist may not, however, initiate such a conversation if he has orders on the same side of the market in his possession from more than one member organization and the execution of those orders might be impacted as a result of a booth wire conversation with the upstairs trading desks of the member organizations that entered the orders.
 - e. a specialist may engage in a conversation with the upstairs trading desk of a member organization as permitted herein only for the purpose of discussing general market conditions or known buying and selling interest that may have an impact upon the execution of an order in the specialist's possession or, where the specialist does not have an order in his possession, upon a decision to enter an order.
 - f. in no event may a specialist disclose information he is required to keep confidential under Exchange rules and policies, and in no event may a specialist disclose information that he would not make available, in the routine course of discharging his marketmaking and agency responsibilities, either upon his own initiative or upon request, as appropriate, to any member on the Floor, or to any other member organization's upstairs trading desk by means of that organization's booth wire.

C. Specialists' Responsibility to Be Fair and Impartial in Booth Wire Communications

1. Specialists are responsible for communicating, as permitted under Exchange rules and policies, relevant market information in a fair and impartial manner. A specialist shall not favor any particular member organization in determining the appropriateness of responding to requests to communicate with a member organization's upstairs trading

desk by means of a booth wire, but shall respond to all such requests insofar as the level of market activity and overall market conditions permit him to do so at the time he receives a request for a booth wire communication.

2. A specialist who fails to act in a fair and impartial manner in responding to requests for a booth wire communication, as permitted herein, shall be deemed to be acting in contravention of just and equitable principles of trade.

••• Supplementary Material:

.10 Intentionally omitted

.20 For purposes of this Rule, in all instances where an order received by the specialist is canceled and replaced with another order, the replacement will be deemed to be a new order.

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Market On The Close Policy And Expiration Procedures

Rule 123C – NYSE Alternext Equities. (1) Market ‘At-The-Close’ (MOC) Orders.—
Everyday, MOC orders are to be executed in their entirety at the closing price. If not executed due to a trading halt or by its terms, e.g., buy minus or sell plus, the order will be cancelled.

The procedures for handling market-on-close orders do not, however, supersede the requirements in Regulation NMS to satisfy better-priced protected bids or protected offers of other market centers at the close.

In order to minimize excess market volatility that may be associated with large-size MOC orders that are entered near the close, and to allow sufficient time to attempt to offset large imbalances of MOC orders, there is a deadline of 3:40 p.m. for the entry of all MOC orders in all stocks on all trading days except for those orders entered to offset imbalance publications or on either side of the market if a regulatory halt is in effect at 3:40 p.m. or occurs after that time. In the case of a regulatory halt, MOC orders may be entered until 3:50 p.m. or until the stock reopens, whichever occurs first, even if an imbalance publication occurred prior to the regulatory halt. Brokers in the Crowd are required to make their irrevocable MOC interest known to the specialist by this time. Between 3:40 p.m. and 3:50 p.m., MOC orders are irrevocable, except to correct a legitimate error (e.g., side, size, symbol, price or duplication of an order), or when a regulatory trading halt is in effect at or occurs after 3:40 p.m. Cancellations of MOC orders as a result of a regulatory halt are permitted until 3:50 p.m. or until the stock reopens, whichever occurs first. After 3:50 p.m., cancellation or reduction in size of MOC orders will not be permitted for any reason, including in case of legitimate error.

Market orders to sell ‘short’ at-the-close represented as ‘G’ orders must yield priority, parity, and precedence to limit orders not represented pursuant to Section 11(a)(1)(G) of the Act. For example, in executing an imbalance of ‘at-the-close’ buy orders, a ‘G’ order to sell ‘short’ at-the-market or at a limit would yield to sell orders limited at the closing price which are not represented

as ‘G’ orders. This will be the policy even if the ‘G’ order to sell ‘short’ at-the-market theoretically could have been executed at a better price (and still satisfy the ‘short sale’ rule in terms of a ‘plus’ or ‘zero plus’ tick). This would not be applicable if the market ‘G’ order was to sell ‘long.’

(2) Limit ‘At-The-Close’ (LOC) Orders.—Limit-at-the-close (‘LOC’) orders may be entered on any trading day, in any stock during the trading day, up to 3:40 p.m. As with market-on-close (‘MOC’) orders, between 3:40 p.m. and 3:50 p.m., LOC orders not related to a strategy involving expiring derivatives may be entered only to offset published imbalances, or on either side of the market if a regulatory halt is in effect at 3:40 p.m. or occurs after that time. In the case of a regulatory halt, LOC orders may be entered until 3:50 p.m. or until the stock reopens, whichever occurs first, even if an imbalance publication occurred prior to the regulatory halt. LOC orders may not be cancelled or reduced in size except to correct a legitimate error, or when a regulatory trading halt is in effect at or occurs after 3:40 p.m. Cancellations of LOC orders as a result of a regulatory halt are permitted until 3:50 p.m. or until the stock reopens, whichever occurs first. After 3:50 p.m., cancellation or reduction in size of LOC orders will not be permitted for any reason, including in case of legitimate error.

A LOC order is one that is entered for execution at the closing price, provided that the closing price is at or within the limit specified. They are prioritized on the specialist’s book by time of entry and go behind all other orders on the specialist book at that price regardless of when such other orders are received. LOC orders with prices that are better than the closing price in the subject security are guaranteed an execution unless there is a trading halt in the security. LOC orders limited at the closing price are not guaranteed an execution.

(3) Closing Prints

(A) Order Imbalance.—Where there is an imbalance of shares to buy over shares to sell in MOC and/or marketable LOC orders, or vice versa, the imbalance shall, at the close of trading, be executed against the bid or offer on the Exchange, as appropriate. (An imbalance of buy orders would be executed against the offer. An imbalance of sell orders would be executed against the bid.)

The specialist shall then stop the remaining MOC/LOC buy and MOC/LOC sell orders against each other and pair them off at the price of the immediately preceding sale described above. The ‘pair off’ transaction would be printed on the Tape as ‘stopped stock.’ (Rule 116.40 – NYSE Alternext Equities) (Any stop orders that would be elected based on the closing price will be automatically and systemically converted to market orders and included in the total number of market-at-the-close orders to be executed as if the elected stop orders were market-at-the-close orders. Any percentage orders that would be elected and become executable as a result of the closing transaction should also be included in the close.)

Example: Assume the market in a stock just prior to the close of trading on the Exchange on any day is quoted 30 to 30.08, 500 by 1,000. There are market at-the-close orders to buy 1,000 shares, and market at-the-close orders to sell 1,500 shares.

The 500 share imbalance of sell orders must be executed against the bid. The remaining market at-the-close orders to buy 1,000 shares and sell 1,000 shares are then stopped against each other and paired off at a price of 30.

The ‘pair off’ transaction would be printed as ‘stopped stock.’

(B) No Order Imbalance.—Where the aggregate size of buy MOC and marketable LOC orders in a stock equals the aggregate size of sell MOC orders and marketable orders, they shall be stopped against each other and paired-off at the price of the last sale on the Exchange just prior to the close of trading in that stock on that day. The transaction would be printed on the Tape as ‘stopped stock.’ (Rule 116.40 – NYSE Alternext Equities)

Example: Assume the market in a stock is quoted 30 to 30.07, 1,000 by 1,000, with a last sale at 30.05 just prior to the close of trading on the Exchange. There are market at-the-close orders to buy 500 shares, and market at-the-close orders to sell 500 shares.

The buy and sell market at-the-close orders are stopped against each other and paired-off at a price of 30.05.

The ‘pair off’ transaction would be printed as ‘stopped stock.’

(4) Due Diligence Requirements

Before any MOC or LOC order is transmitted to the Floor, the member organization accepting the order must exercise due diligence to learn the essential facts relative to the order, including the purpose and propriety of the ‘at-the-close’ instruction (Rule 405 – NYSE Alternext Equities). In addition, an imbalance of orders at or near the close, caused in part by the entry of such orders, could lead to trading being halted in the security and such orders not receiving an execution.

Guidelines for halting a security are the same as for mandatory indications at the opening:

<u>LAST SALE PRICE</u>	<u>PRICE CHANGE</u>
<u>Less Than \$10</u>	<u>\$1</u>
<u>\$10 to \$99.99</u>	<u>Lesser of 10% or \$3</u>
<u>\$100 or Over</u>	<u>\$5</u>

Firms engaging in arbitrage, hedging, block positioning and other types of proprietary trading activity should keep in mind additional, applicable SEC and Exchange regulations such as SEC Rules 9a-2 and 10b-5 as well as the margin and capital rules.

(5) Publication of MOC Imbalances.—Imbalance publications will include MOC orders as well as marketable LOC orders. In that regard, LOC orders to buy at a price higher than the last

sale price are to be included with the buy MOC orders; LOC orders to sell at a price lower than the last sale price are to be included with the sell MOC orders. LOC orders with a limit equal to the last sale price would not be included in the imbalance calculation. The last sale price at 3:40 p.m. is used for the first mandatory publication, and 3:50 p.m. for the second.

Current procedures require that MOC imbalances of 50,000 shares or more be published on the tape as soon as practicable after 3:40 p.m. on all days, in all stocks. Any other significant imbalance, such as an imbalance of less than 50,000 shares which is significantly greater than the average daily volume in the stock, may be published, as soon as practicable, after 3:40 p.m. in any stock with the approval of a Floor Official.

As soon as practicable after 3:50 p.m., an additional publication will be made for any stock which had an imbalance publication at 3:40 p.m. If the imbalance is 50,000 shares or more, the size and side of the imbalance will be published. If the imbalance is less than 50,000 shares, a 'no imbalance' status will be published, or the size and side of the imbalance may be published with Floor Official approval.

An informational imbalance of any size may also be published between 3:00 and 3:40 p.m. with the approval of a Floor Official. If such an informational imbalance is published, an imbalance of 50,000 shares or more, or any other significant imbalance must be published as soon as possible after 3:40 p.m. If there is neither a significant imbalance nor one of 50,000 shares or more, a 'no imbalance' notice must be published. If an imbalance or 'no imbalance' notice is published at 3:40 p.m., a significant imbalance or one of 50,000 shares or more (or, in their absence, a 'no imbalance' notice) must be published as soon as possible after 3:50 p.m.

When calculating the MOC imbalance, buy 'minus'/sell 'plus' orders should be considered in terms of the imbalance of other MOC orders. Buy MOC imbalances are reduced by sell 'plus' MOC orders, and sell MOC imbalances are reduced by buy 'minus' orders. Sell 'short' MOC orders should be added in with the sell 'plus' orders.

<u>Example #1</u>	<u>200,000 buy MOC</u>
	<u>50,000 sell MOC</u>
	<u>50,000 sell plus MOC</u>
	<u>25,000 buy minus MOC</u>

In the above Example #1, the MOC imbalance is 100,000 shares to buy because the 50,000 sell 'plus' MOC orders are added to the 50,000 to sell MOC. The 25,000 buy 'minus' would not be counted.

<u>Example #2</u>	<u>100,000 sell MOC</u>
	<u>50,000 buy MOC</u>

25,000 buy minus MOC

25,000 sell plus MOC

In Example #2, there is no MOC imbalance to be published, because the buy ‘minus’ MOC orders would be added to the 50,000 buy MOC, resulting in a sell MOC imbalance of only 25,000 shares. The sell plus MOC would not be counted.

Just as conditional MOC orders are used to offset the size of an imbalance before publication, conditional LOC orders which are marketable (i.e., a buy LOC with a price above the last sale and a sell LOC with a price below the last sale with the last sales being those immediately before the cutoff times of 3:40 and 3:50 p.m.) are used to offset the size of an imbalance prior to publication.

(6) Publication of Order Imbalance Information

(a) Exchange systems may also make available, from time to time, as the Exchange shall determine, Order Imbalance Information prior to the closing of a security on the Exchange.

(b) Order Imbalance Information disseminated prior to the closing transaction is the data feed disseminated by the Exchange of real-time order imbalances that accumulate prior to the closing transaction on the Exchange which includes the same information used in the Publication of MOC Imbalances pursuant to subparagraph (5) of this Rule.

(c) Such Order Imbalance Information will use the last sale in the security on the Exchange prior to the dissemination of the Order Imbalance Information as a reference price to indicate the number of shares that would be needed in the security to close with an equal number of shares on the buy side and the sell side of the market.

(d) Order Imbalance Information disseminated prior to the close by Exchange systems will be disseminated as follows:

(1) Approximately every fifteen seconds between 3:40 pm Eastern Time (“ET”) and 3:50 pm ET.

(2) Approximately every five seconds between 3:50 pm ET and 4:00 pm ET

(e) On any day that the scheduled close of trading on the NYSE is earlier than 4:00p.m. ET., the dissemination of Order Imbalance Information prior to the closing transaction will commence 20 minutes before scheduled closing time. Order Imbalance Information will be disseminated every fifteen seconds for approximately 10 minutes. Thereafter, the Order Imbalance Information will be disseminated approximately every five seconds until the scheduled closing time.

(f) Publication of MOC Imbalances pursuant to subparagraph (5) of this Rule above

shall be the sole indication that governs the entry of offsetting interest.

(7) Expiration Friday Auxiliary Procedures for the Opening

The Exchange adopted monthly auxiliary procedures for expiration days in order to integrate stock orders relating to expiring index contracts into the Exchange's opening procedures in a manner that will assure an efficient market opening in each stock as close to 9:30 a.m. as possible. An expiration day is a trading day prior to the expiration of index-related derivative products (futures, options or options on futures), whose settlement pricing is based upon opening or closing prices on the Exchange, as identified by a qualified clearing corporation (e.g., the Options Clearing Corporation). The twelve expiration days are 'expiration Fridays' which fall on the third Friday in every month. If that Friday is an Exchange holiday, there will be an expiration Thursday in such a month.

Order Entry.

Stock orders relating to index contracts whose settlement pricing is based upon the 'Expiration Friday's' opening prices must be received by SuperDOT or by the specialist by 9:00 a.m.

- These orders may be cancelled or reduced in size. Firms cancelling these orders or reducing them in size shall prepare contemporaneously a written record describing the rationale for the change and shall preserve it as Rule 410 – NYSE Alternext Equities provides.
- Stock orders relating to index contracts whose settlement pricing is not based upon the 'Expiration Friday's' opening prices may be entered before or after 9:00 a.m.

To facilitate early order entry, SuperDOT (a) will begin accepting orders at 7:30 a.m. and (b) will accept orders of 500,000 shares or less.

'Limit at the opening' ('limit OPG') orders are permitted, including delivery through Exchange systems.

- Ordinary limit orders may also be entered.

Order Identification

Stock orders relating to opening-price settling contracts must be identified 'OPG'.

- Firms entering these orders through SuperDOT, but unable to identify orders as 'OPG,' may use a unique branch code or firm identifier (mnemonic) to identify these orders.
- Firms unable to identify these orders in either way, and firms not using SuperDOT, must submit a list of all these orders and related details to the Market Surveillance Division.

Applicability of Regular Opening Procedures

Except for the auxiliary procedures described above, all stocks are subject to the regular Exchange opening procedures, including price indications where a substantial price change is anticipated. Ten minutes must elapse between a first indication and a stock's opening. However, when more than one indication is necessary, a stock may open five minutes after the last indication provided that ten minutes must have elapsed from the dissemination of the first indication.

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Openings and Halts in Trading

Rule 123D – NYSE Alternext Equities. (1) Delayed Openings/Halts in Trading.—It is the responsibility of each specialist to ensure that registered stocks open as close to the opening bell as possible, while at the same time not unduly hasty, particularly when at a price disparity from the prior close. Specialists may open a registered stock on a trade or on a quote. A specialist may open a registered stock on a quote when there is no opening trade. Openings may be effectuated manually or electronically (see Rule 104(b)(ii) – NYSE Alternext Equities). Openings and reopenings should be timely, as well as fair and orderly, reflecting a professional assessment of market conditions at the time, and appropriate consideration of the balance of supply and demand as reflected by orders represented in the market. Specialists should, to the best of their ability, provide timely and impartial information at all phases of the opening process. Specialists should ensure adequate personnel are assigned and call upon additional clerical and relief specialist resources to assist in order management and Crowd communication, when appropriate. It is also incumbent upon specialists to seek the advice of Floor Officials when openings are delayed or when a halt in trading may be appropriate due to unusual market conditions.

Brokers should recognize the difficulty in providing accurate information in a constantly changing situation, and that significant changes are often occasioned by single orders or substantial interests delivered via DOT. Brokers should make every effort to ascertain the client's interest as early as possible and to inform the specialist so that such interest can be factored into the opening process. Brokers should communicate to clients the problems caused by delaying their interest until the last minute. Brokers should expect to have time to communicate the essential facts to their clients and to react to the changing picture. They should not expect, however, to be able to delay the opening for every last fragment of this change, and should recognize their obligation to a timely opening. Once a relatively narrow range of opening possibilities is given, the broker and his or her client should have sufficient information to enter a final order. In this regard, brokers should advise their clients against limits which are not firm, or are based solely on where the opening looked at the time the information was given. Brokers should not expect to be given endless opportunities to adjust those limits. Whenever possible the broker should have discretion within a range of the client's interest, and have the power to react to last minute changes without having to go back to the phone. This is particularly true for orders in amounts that represent a small fraction of the total opening volume, but applies to all orders. Brokers must recognize that orders or cancellations merely dropped on the counter can be lost or misplaced, and should hand the order directly to the

specialist or his or her assistant and orally state the terms. Failure to do so could result in a monetary error to the broker as well as the specialist.

Floor Officials participate in the regulatory process by providing an impartial professional assessment of unusual situations, as well as advice with respect to pricing when a significant disparity in supply and demand exists. The specialist, however, has ultimate responsibility in this regard, and while a Floor Official's approval may be a mitigating factor, it will not exonerate a specialist when performance has been deemed not satisfactory.

A specialist should consider the following areas of specialist performance when involved in an unusual market situation:

- an opening price change that is not in proportion to the size of an imbalance;
- absence of an indication before a large opening price change;
- inadequate support after a large opening price change, i.e., lack of sufficient continuity and depth in the aftermarket;
- absence of trading without good cause or Floor Official approval (or an unjustified or unreasonably delayed opening or halt in trading);
- not obtaining appropriate Floor Official approvals for opening delays, trading halts, and wide price variations.

In addition, a Floor Official should be consulted as soon as it becomes apparent that an unusual situation exists, and a Floor Governor should be consulted if it is anticipated that the opening price may be at a significant disparity from the prior close. If an unusual situation exists, such as a large order imbalance, tape indications should be disseminated, including multiple indications if appropriate with the supervision of a Floor Official. A second Floor Official's opinion in a delayed opening is required if there is difficulty in arriving at a decision; if the size of the price change from the previous Exchange close is three points or more or represents a 10% change in price; or if the stock has not opened within 50 minutes after the opening of business or 20 minutes after an extended delayed opening time frame. All tape indications require Floor Official approval.

Exchange policy requires the dissemination of an indication in connection with any delayed opening — involving any stock which has not opened (or been quoted) by 10:00 a.m. In addition, the dissemination of an indication is mandatory for an opening which will result in a significant price change from the previous close:

<u>Previous Exchange Closing Price*</u>	<u>Price Change (equal or greater than)</u>
<u>Under \$10</u>	<u>1 point</u>
<u>\$10-\$99.99</u>	<u>the lesser of 10% or 3 points</u>

\$100 and Over5 points

*The above guidelines are applicable to Initial Public Offerings based on the offering price.

All indications require the supervision and approval of a Floor Official. If it involves a bank or brokerage stock, the approval of an Executive Floor Governor is required. If an Executive Floor Governor is unavailable, a Floor Governor's or Senior Floor Official's approval must be obtained. In addition to the mandatory criteria, specialists should use their judgment as to when it is appropriate to seek Floor Official approval for disseminating a price indication.

Mandatory indication policy applies to a foreign-listed security only if the opening price will be at a significant price change (see chart above) from its closing price in the foreign market or the current price in the foreign market.

Mandatory indications for convertible preferred stocks are only required if an indication was disseminated in the underlying common stock.

In this regard the following procedures should be followed for delayed opening and trading halt indications:

- The length of time for the dissemination of indications should be in proportion to the anticipated disparity of the opening or reopening price from the prior sale.
- The number of indications should increase in proportion to the anticipated disparity in the opening or reopening price, with increasingly definitive, 'telescoped' indications when an initial narrow indication spread is impractical.
- An indication should be published immediately when trading is halted for a non-regulatory order imbalance. Such indications should be broad enough to allow flexibility, but narrow enough to convey as accurate a picture of supply and demand as possible at the time. In most cases, a final indication with a one point spread would be appropriate. Further telescoping to one-half point could result in unnecessary delay due to a change in the terms of a pivotal order. Even if an indication is not disseminated, specialists should endeavor to provide brokers with an approximate range within which they believe a stock will open.
- Tape indications before the opening should be disseminated at 9:15 a.m., if possible, but any tape indications disseminated prior to 9:30 a.m. require the approval of an Executive Floor Governor or Floor Governor, or the approval of a Floor Official if it relates to a spin-off or if trading had been halted and not resumed the prior day.

As with other openings, tape indications are discretionary for IPO's with the approval of an Executive Floor Governor or Floor Governor except that it is mandatory if the opening price change as measured from the offering price meets the requirements for a mandatory indication.

If an indication is disseminated after the opening bell, it must be considered a delayed opening. In addition, any stock that is not opened with a trade or reasonable quotation within 30

minutes after the opening of business must be considered a delayed opening (except for IPO's) and requires Floor Official supervision, as well as an indication. That 30-minute time frame may only be extended by an Executive Floor Governor on a Floor-wide basis.

More than one indication should be disseminated if an opening will be outside the first indication or if the first indication had a wide spread, especially if the time frame for delayed openings has been extended by the Executive Floor Governor. A reduction in time between indications can be used when multiple indications are disseminated. Generally, a minimum of three minutes must elapse between the first indication and a stock's opening as measured by the time the indication appears on the PDU. However, when more than one indication is disseminated, a stock may open one minute after the last indication provided that at least three minutes must have elapsed from the dissemination of the first indication.

With respect to a post-opening trading halt, a minimum of three minutes must elapse between the first indication and a stock's reopening. However, where more than one indication is disseminated, a stock may re-open one minute after the last indication, provided that at least three minutes must have elapsed from the dissemination of the first indication.

Tape indications must be disseminated with the approval of a Floor Official prior to the opening or reopening in a stock subject to a regulatory or nonregulatory halt in trading or a delayed opening. A Floor Governor should be consulted if a significant price change is anticipated.

An Executive Floor Governor or Floor Governor should be consulted in any case where there is not complete agreement among the Floor Officials participating in the discussion.

Floor Governors should keep apprised of developments when consulted, and should seek the assistance of Executive Floor Governors, when appropriate, as soon as possible.

Floor Governors should be prepared to balance the opportunity for brokers to participate in the opening with the need for timeliness, and should assist in identifying opportunities for opening the security, based upon the shifting supply and demand in conjunction with appropriate specialist participation.

Specialists should make every effort to balance timeliness with the opportunity for customer reaction and participation. Although the correct price based on information available at the time is always the goal, specialists and supervising Floor Governors should recognize customers' desires for a timely opening. When the specialist and Floor Governor agree that all participants have had a reasonable opportunity to participate, the specialist should open the stock.

Once trading has commenced, trading may only be halted with the approval of a Floor Governor or two Floor Officials. An Executive Floor Governor, or in their absence a Senior Floor Governor, should be consulted if it is felt that trading should be halted in a bank or brokerage stock due to a potential misperception regarding the company's financial viability.

Sometimes the Exchange is notified by a listed company in advance of publication concerning news which might have a substantial market impact. The designated Exchange staff will advise an Executive Floor Governor or Floor Governor, or in their absence a Floor Official.

If the Exchange staff makes a recommendation that trading should be halted in a stock pending a public announcement by the company and the Executive Floor Governor or Floor Governor disagrees, he or she should seek the opinion of another Executive Floor Governor or Floor Governor. If the Executive Floor Governors or Floor Governors are in agreement that trading should not be halted, trading should continue. If one of the two is in agreement with the recommendation to halt trading, then trading should be halted. While the time period may vary from case-to-case as a result of the particular circumstances involved, normally if the announcement is not made within approximately 30 minutes after the delay or halt is implemented, the Exchange may commence the opening or reopening of trading in the stock. Special care is taken to ensure that material non-public information is not disclosed, even inadvertently, as a result of someone overhearing details relating to trading halts or delayed opening situations.

Stopped stock prior to a halt should be printed as ‘sold’ with the specialist as contra and adjusted if the reopening is at a more advantageous price.

It is important that all appropriate Floor Official forms are completed.

(2) Equipment Changeover.—The Exchange has established a non-regulatory trading halt condition designated as ‘Equipment Changeover’.

This condition may be used when trading in a particular security is temporarily inhibited due to a systems, equipment or communications facility problem or for other technical reasons.

In making a determination on whether to halt trading in a security because of an ‘Equipment Changeover’ condition, it is important to keep in mind that once halted, trading cannot be resumed for at least one minute even though, in many cases, the systems or equipment problem may be corrected in a much shorter period of time. Further, if, during the ‘Equipment Changeover’ trading halt, a significant order imbalance (one which would result in a price change from the last sale of one point or more for stocks under \$10, the lesser of 10% or three points for \$10—\$99.99 and five points if \$100 or more—unless a Floor Governor deems circumstances warrant a lower parameter) develops or a regulatory condition occurs, the nature of the halt will be changed, notice must be disseminated and trading cannot resume until three minutes after the first indication after the new halt condition. This factor should be taken into consideration along with market condition factors in making a determination on whether to declare an official trading halt.

As with any other halt, an ‘Equipment Changeover’ trading halt requires the approval of a Floor Governor or two Floor Officials. All other policies relating to nonregulatory halts would apply including price indications.

(3) Sub-penny trading condition.—The Exchange has established a non-regulatory trading halt condition designated as ‘Sub-penny trading.’

This condition shall be used when trading in a particular security must be inhibited because the security is, or is imminently likely to be, trading at a price less than \$1.00.

Whenever a security trading on the Exchange is reported on the Consolidated Tape during normal trading hours as having traded at a price of \$1.05 or less, or if a security would open on the Exchange at a price of \$1.05 or less, trading in the security on the Exchange shall be immediately

halted because of a ‘Sub-penny trading’ condition. Once halted for such reason, trading shall not be resumed on the Exchange until the security has traded on another automated trading center as defined in SEC Rule 600(b)(4) for at least one entire trading day at a price or prices that are at all times at or above \$1.10. Any such resumption of trading shall occur at the beginning of a trading day, so that normal opening procedures can apply. In contrast to other trading halts, a ‘Sub-penny trading’ halt is automatic and does not require any Floor Official approval. However, if a determination is made by a Floor Official that a trade that triggered a halt because of a ‘Sub-penny trading’ condition was made in error or otherwise was an anomaly, trading of the security on the Exchange will resume immediately.

Any orders received by the Exchange in a security subject to a ‘Sub-penny trading’ condition will be routed to NYSE Arca, Inc. (‘NYSE Arca’) where they will be handled in accordance with the rules governing that market.

When a security becomes subject to a ‘Sub-penny trading’ condition, all open limit orders in such security in the NYSE’s Display Book system will be cancelled by the Exchange.

(4) **Exchange Traded Funds.**—The Exchange has established a non-regulatory trading halt condition designated as ‘Exchange Traded Funds’.

This trading condition may be used with respect to Exchange Traded Funds on or after the transition on to the NYSE Alternext Equities Trading System, to facilitate the closing of the trading room in which such securities are traded and the transfer of the listing of all such securities to NYSE Arca.

After commencement of an Exchange Traded Funds trading halt condition, any orders received by the Exchange in a security subject to an ‘Exchange Traded Funds’ trading halt condition will be routed to NYSE Arca where they will be traded in accordance with the rules governing that market. Upon closing of the trading room in which the Exchange Traded Funds are traded, there will no longer be any trading posts on the Exchange floor equipped with the appropriate technology to enable specialists to make an effective market in Exchange Traded Funds.

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Rule 123E – NYSE Alternext Equities – Rule 123F – NYSE Alternext Equities. Reserved.

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Order Entry Practices

Rule 123G – NYSE Alternext Equities. No member, member organization, allied member, approved person or registered or non-registered employee of a member or member organization may engage in conduct that has the intent or effect of unbundling orders for execution for the primary purpose of maximizing a monetary or in-kind amount received by the member, member organization, allied member, approved person or registered or non-registered employee of a member or member organization as a result of the execution of such orders. For purposes of this section, ‘monetary or in-kind amounts’ shall be defined to include commissions, gratuities, payments for or rebate of fees resulting from the entry of such orders, or any similar payments of value to the member, member organization, allied member, approved person or registered or non-registered employee of a member or member organization.

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Odd-Lot Orders

Rule 124 – NYSE Alternext Equities. (a) Except as provided below, all orders for less than the unit of trading (‘odd-lot orders’) shall be received, processed, and executed by means of the Exchange system designated for such purpose (‘the System’). The specialist for the subject security shall be the contra party to all such executions. No differential or commission may be charged with respect to any odd-lot order received by the System. All odd-lot orders entered for execution to the System shall contain the appropriate account type identification code according to specified account type categories in accordance with the reporting requirements of Rule 132 – NYSE Alternext Equities.

(b) For the purposes of this Rule, the term ‘marketable’ when applied to an odd-lot limit order to buy shall mean at a price that is at or higher than the current National best offer and when applied to an odd-lot limit order to sell shall mean at a price that is at or lower than the current National best bid (‘NBBO’).

(c) Market and Marketable Limit Orders.— Odd-lot market orders and odd-lot limit orders that are marketable upon receipt by the System (hereinafter collectively referred to as ‘marketable odd-lot orders’) shall begin automatic execution only following the first round-lot transaction on the Exchange in the subject security. Marketable odd-lot orders will be executed in time priority of receipt by the System at the price of the next round-lot transaction on the Exchange in the subject security following receipt of the orders by the System, subject to the following:

(i) Marketable odd-lot buy orders and odd-lot sell orders will be executed at the price of such round-lot transaction on the Exchange with the specialist as the contra side to the extent that such odd-lot orders total an equal number of shares bought and sold, except that a marketable odd-lot order that would otherwise receive a partial execution shall be executed in full.

(ii) Marketable odd-lot orders that do not receive an execution pursuant to paragraph (c)(i), shall be executed in time priority of receipt by the System at the price of the National best bid (in

the case of marketable odd-lot orders to sell), or the National best offer (in the case of marketable odd-lot orders to buy), with the specialist as the contra party to all such executions.

(iii) The total number of additional shares of marketable odd-lot orders executed at the price of the NBBO as set forth in paragraph (c)(ii), shall not exceed the number of shares of the lesser of either the last round-lot Exchange transaction or the National best bid (in the case of marketable odd-lot orders to sell), or the National best offer (in the case of marketable odd-lot orders to buy), except that a marketable odd-lot order that would otherwise receive a partial execution shall be executed in full.

(iv) Marketable odd-lot orders not executed pursuant to paragraphs (c)(i), (ii), (iii) or (v) below shall be executed, in time priority order, following subsequent round-lot transactions on the Exchange, subject to the same procedures stated in paragraph (c)(i), (ii), (iii) and (v).

(v) Any marketable odd-lot order not executed within 30 seconds of receipt by the System pursuant to paragraphs (c)(i), (ii), (iii) or (iv) above shall be executed, in the case of an order to buy, at the price of the National best offer after 30 seconds, and in the case of an order to sell, at the price of the National best bid after 30 seconds, subject to the volume restrictions stated in paragraph (c)(iii).

(vi) Odd-lot orders entered before the opening transaction of the subject security that are eligible to receive an execution pursuant to paragraph (b) above, based on the opening price, shall be executed at the price of the opening transaction.

(vii) Odd-lot orders entered prior to and during a halt in trading on the Exchange in the subject security that are eligible to receive an execution pursuant to paragraph (b) above based on the reopening price, shall be executed at the price of the re-opening transaction.

(viii) Marketable odd-lot orders that remain unexecuted prior to the close of trading shall be executed in time priority of receipt at the price of the closing transaction to the extent that such marketable odd-lot orders total an equal number of shares bought and sold. The total number of additional shares of marketable odd-lot orders executed at the price of the closing transaction shall not exceed the number of shares of such closing transaction, except that a marketable odd lot order which would otherwise receive a partial execution shall be executed in full.

(d) **Non-Marketable Limit Orders.**— Odd-lot limit orders that are not marketable upon receipt by the System shall, upon becoming marketable, be executed in time priority of receipt at prices of subsequent round-lot transactions on the Exchange in the subject security subject to the principles of paragraphs (c)(i), (iii), (iv), (v) and (vii), except that such orders will be executed at their limit price when an execution occurs pursuant to paragraphs (c)(ii) and (v). Notwithstanding the above, non-marketable odd-lot limit orders that become marketable, but remain unexecuted prior to the close of trading shall be executed in time priority of receipt at the price of the closing transaction and in accordance with the principals of paragraph (c)(viii) above.

(e) **Stop Orders.**—Odd-lot stop orders shall be executed as follows:

(i) Stop orders entered before the opening transaction that would be elected by the opening transaction shall be executed at the price of the opening transaction.

(ii) Buy Stop Orders. A buy stop order shall become a market order when a round-lot transaction takes place at or above the stop price. The order shall then be filled at a price determined in accordance with the provisions of paragraph (c) above.

(iii) Sell Stop Orders. A sell stop order shall become a market order when a round-lot transaction takes place at or below the stop price. The order shall then be filled at a price determined in accordance with the provisions of paragraph (c) above.

(f) OTHER TYPES OF ORDERS

Buying on Closing Offer-Selling on Closing Bids

(1) Buy ‘On Close.’ An order to buy ‘On Close’ shall be filled at the price of the closing round-lot sale.

(2) Sell ‘On Close.’ An order to sell ‘On Close’ shall be filled at the price of the closing round-lot sale.

Discretionary Orders

A discretionary order must not be accepted by an odd-lot dealer.

Orders for Manual Handling

A ‘seller’s option’ trade for delivery within not less than six business days nor more than sixty days following the day of the contract, an odd-lot order for cash, any orders for additional settlement terms as may be provided under Rule 64 – NYSE Alternext Equities, shall be represented by the specialist and executed at a price deemed appropriate in accordance with the terms of the orders. A differential may be charged on such orders.

••• Supplementary Material:

.10 ‘Delayed Sale,’ ‘Sold Sale’.—When a ‘delayed sale’ or ‘sold sale’ occurs (printed on the ticker tape followed by the symbol ‘sold’), the odd-lot dealers shall make every effort to ascertain the approximate time the transaction took place. If there is some doubt as to whether or not this transaction in any way affects the execution of an odd-lot order, the firm that entered the order should be notified, informed of the circumstances, and given the opportunity to accept or reject a report based on the transaction.

.20 Sales Not Printed on the Tape.—The customer of the odd-lot dealer must accept a report based on a sale that took place on the Floor, but which, through error, was not printed on the tape, if the odd-lot dealer filled and reported the customer’s order at the time the sale occurred.

If the odd-lot dealer failed to fill the order at the time the sale occurred the customer should be offered the choice of accepting or refusing a report based on that sale.

.30 Orders to Be Reduced on Ex-Date.—Open buy limited orders and open stop orders to sell held by an odd-lot dealer prior to the day a stock sells ex-dividend, ex-distribution or ex-rights

shall be handled in accordance with the procedures set forth in Rule 118 – NYSE Alternext Equities and the provisions in Rule 118.10 – NYSE Alternext Equities, Rule 118.20 – NYSE Alternext Equities.20 and Rule 118.21 – NYSE Alternext Equities in the Supplementary Material thereto.

.40 The odd-lot portion of PRL (part of round lot) orders will be executed only where no round lot portion thereof is canceled, and at the same price of the last round lot execution that would complete the round lot portion of the PRL.

.50 In instances in which quotation information is not available, e.g., the quotation collection or dissemination facilities are inoperable, or the market in a security has been determined to be in a ‘non-firm mode’ (as defined in Rule 60(c)(2) – NYSE Alternext Equities), marketable odd-lot orders will be executed by means of the odd-lot System at a price determined in accordance with the provisions of paragraph (c), once quotation information is again available. In instances where the quote in a security does not meet odd-lot system guidelines, marketable odd-lot orders will be executed at a price determined in accordance with the provisions of paragraph (c) that is within the odd-lot system guidelines.

.60 Odd-lot executions will be suspended when automatic executions pursuant to Exchange Rule 1000 – NYSE Alternext Equities, paragraphs (a)(i)—(v) are suspended. Odd-lot executions will resume when automatic executions pursuant to Exchange Rule 1000 – NYSE Alternext Equities paragraphs (a)(i)—(v) resume.

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Rule 125 – NYSE Alternext Equities. Reserved.

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Odd-Lot Dealers General

Rule 126 – NYSE Alternext Equities. Income and expense report—Each registered odd-lot dealer shall file an income and expense report and additional information in the type, form, manner and time prescribed by the Exchange.

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Block Crosses Outside the Prevailing Exchange Quotation

Rule 127 – NYSE Alternext Equities. (a) A member organization that receives an order or orders for the purchase or sale of a block of stock, which may not readily be absorbed by the

market, should explore in depth the market on the Floor. Unless professional judgment dictates otherwise, this should include checking with the specialist to ascertain the extent of the specialist's interest in participating at an indicated price or prices. The specialist should maintain the same depth and normal variations between sales as he or she would had he or she not learned of the block.

(b) A member organization which has a block of stock it intends to cross on the Floor at a specific clean-up price outside the current quotation should, when ready to effect the cross, proceed in the manner described below.

(i) The member organization should inform the specialist of its intention to cross a block at a specific price. There should not be any intervening trades other than transactions required to effect the block cross as required herein by the member organization representing the block order between the time it informs the specialist of its intention and the trade or trades to clean-up the block.

(ii) In order to effect a block cross at a clean-up price outside the current quotation, the member organization must: (a) trade with the Exchange best bid (offer), including all reserve interest at that price and any percentage orders elected by that execution at such bid (offer) price; (b) trade with all orders in the Display Book® system limited to prices better than the block clean-up price, including Floor Brokers' e-Quotes and any percentage orders elected by that execution, at a price that is the minimum variation (typically, one cent) better than the block clean-up price, and (c) crossing the block orders at the specified clean-up price. The block shall be entitled to priority at the clean-up price.

(c) Member Organization Positioning.

This paragraph shall apply to block transactions in which all or a part of one side of the block is for a member or member organization's own account.

(1) **Establishing or increasing a position.** If all or any portion of the block will establish or increase the member organization's position, the member organization representing the block orders must: (a) trade with the Exchange best bid (offer), including all reserve interest at that price and any percentage orders elected by that execution at such bid (offer) price and (b) crossing the block orders at the specified clean-up price. The member organization must fill at the clean-up price orders limited to the clean-up price or better before any amount may be retained for the member organization's account.

(2) **Liquidating position.** A member organization which is covering a short position or liquidating a long position must: (a) trade with the Exchange best bid (offer), including all reserve interest at that price and any percentage orders elected by that execution at such bid (offer) price; (b) trade with all orders in the Display Book® system limited to prices better than the block clean-up price, including Floor Brokers' e-Quotes and any percentage orders elected by that execution, at a price that is the minimum variation (typically, one cent) better than the block clean-up price, and (c) crossing the block orders at the specified clean-up price. The member organization is not required to fill at the clean-up price orders limited to the clean-up price.

(d) Reasonable Needs of the Specialist

(1) After exploring the market and consulting with the specialist, the member organization should be prepared to fill the needs of the specialist in accordance with that conversation. The specialist cannot increase the amount which he or she initially indicated unless the member organization agrees or the market has changed substantially.

(2) If the member organization does not consult with the specialist, the member organization should make a professional estimate of the probable needs of the specialist and reserve an appropriate amount to fill such needs.

(3) If the specialist and the member organization representing the block orders disagree as to the extent of the needs of the specialist, they should consult with a Floor Official. As appropriate, it may be necessary for the specialist to trade with the offer side of the cross to ensure that his or her reasonable needs in maintaining an aftermarket are satisfied. As provided in Rule 92 – NYSE Alternext Equities, the specialist may not retain any stock for his or her own account obtained at a price at which he or she holds executable, but unfilled, orders.

(e) The requirements of Rule 76 – NYSE Alternext Equities will not apply to executions made in accordance with this rule.

••• Supplementary Material:

.10 Definition of a Block.—For the purposes of this Rule, a block shall be at least 10,000 shares or a quantity of stock having a market value of \$200,000 or more, whichever is less, which is acquired by a member organization on its own behalf and/or for others from one or more buyers or sellers in a single transaction.

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Publications of Transactions and Changes (Rules 128 – NYSE Alternext Equities—129 – NYSE Alternext Equities)

Cancellations of, and Revisions in, Transactions Where both the Buying and Selling Members Do Not Agree to the Cancellation or Revision

Rule 128 – NYSE Alternext Equities. (a) A Floor Official shall, pursuant to the procedures set forth below, have the authority to review any transaction in a security admitted to dealings on the Exchange that is claimed to be clearly erroneous arising out of the use or operation of any facility of the Exchange. A member of the regulatory staff shall advise and participate in all steps of the Floor Official's review of the transaction.

In reviewing a trade that is claimed to be clearly erroneous, a Floor Official shall review the transaction with a view toward maintaining a fair and orderly market and the protection of investors and the public interest. A member of the regulatory staff shall advise and participate in all steps of the Floor Official's review of the transaction. Based upon this review, the Floor Official shall

decline to "break" a disputed transaction if the Floor Official believes that the transaction under dispute is not clearly erroneous. If the Floor Official determines the transaction in dispute is clearly erroneous, however, he or she shall declare that the transaction is null and void or modify one or more terms of the transaction. When adjusting the terms of a transaction, the Floor Official shall seek to adjust the price and/or size of the transaction to achieve an equitable rectification of the error that would place the parties to a transaction in the same position, or as close as possible to the same position, as they would have been in had the error not occurred. For the purposes of this Rule, the terms of a transaction are clearly erroneous when there is an obvious error in any term, such as price, number of shares or other unit of trading, or identification of the security.

(b) Any member who seeks to have one or more transactions reviewed pursuant to paragraph (a) above shall submit the matter to a Floor Official and deliver a written complaint to [the Service Desk] and the other member(s) who were part of the trade within 30 minutes of the transaction. Once a complaint has been received, the complainant shall have up to 30 minutes, or such longer period as the Floor Official may specify, to submit any supporting written information concerning the complaint necessary for a review of the transaction. The other member(s) that were part of the trade shall have up to thirty minutes after being notified of the complaint, or such longer period as specified by the Floor Official, to submit any supporting written information concerning the complaint necessary for a review of the transaction. Any member on a disputed trade may request the written information provided by the other members pursuant to this subparagraph. Once a member communicates that he or she does not intend to submit any further information concerning a complaint, the member may not thereafter provide additional information unless requested to do so by the Floor Official. If the members involved in a disputed trade indicate that they have no further information to provide concerning the complaint before their thirty-minute information submission periods have elapsed, then the matter may be immediately considered by a Floor Official. Members or persons associated with members and member organizations involved in the transaction shall provide the Floor Official with any information that he or she requests in order to resolve the matter on a timely basis notwithstanding the time parameters set forth above. Once a member has applied to a Floor Official for a ruling, the Floor Official shall review the transaction, with the advice and participation of a member of the regulatory staff, and make a ruling unless all members on the transaction agree to withdraw the application for review prior to the time that the Floor Official makes the ruling. A member may seek review of a Floor Official's ruling pursuant to the procedures described in AEMI Rule 22(d) and Commentary .02 to AEMI Rule 22.

(c) In the event of (1) a disruption or malfunction in the use or operation of any facility of the Exchange or (2) extraordinary market conditions or other circumstances in which the nullification or modification of transactions executed on the Exchange may be necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest, a Senior Floor Official may review any transactions arising out of or reported through any facility of the Exchange. A member of the regulatory staff shall advise and participate in all steps of the Floor Official's review of the transaction. A Senior Floor Official acting pursuant to this paragraph may declare any Exchange transaction null and void or modify the terms of any such transactions if the Senior Floor Official determines that (1) the transaction is clearly erroneous, or (2) such actions are necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest; provided, however, that, in the absence of extraordinary circumstances, the Senior Floor Official shall take action pursuant to this subsection within 30 minutes of detection of the transaction, but in no event later than 3:00 p.m., Eastern Time, on the next trading day following

the date of the trades at issue. A member may seek review of a Senior Floor Official's ruling from a three Senior Floor Official Panel as described in AEMI Rule 22(d) and Commentary .02 to AEMI Rule 22 without first seeking review of the ruling from a Floor Official or Exchange Officials review of the ruling from a Floor Official or Exchange Official.

••• Supplementary Material:

.01 A change or correction in a transaction which previously appeared on the tape, or the cancellation of a transaction which previously appeared on the tape and was properly rescinded, or the occurrence of a transaction which had been omitted from the tape, is to be published on the tape on the day of the transaction after approval of such publication is obtained from a Floor Official. If not published on such day, the same is to be published in the 'sales sheet' at a later date under the direction of an authorized NYSE Euronext employee

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Publication of Transactions

••• Supplementary Material:

Rule 128A – NYSE Alternext Equities. .10 Duty of seller.—It is the duty of the seller to report the sale of a security in such manner as to facilitate the printing of the trade on the tape. Members should promptly call the attention of the appropriate person(s) to any error on or omission from the tape.

.11 Price not in dispute.—The publication of a transaction on the tape may not be objected to if the price at which it was made is not in dispute.

.12 Reserved

.13 Registered as to principal. Transactions in bonds registered as to principal must be published on the tape and “sales sheet.”* designated “Registered as to Principal.”

.14-.15 Reserved.

.16 ‘Stopped’ Securities.—Transactions in ‘stopped’ securities shall be published on the tape and in the ‘sales sheet’* in sequence and included in the volume for the day. If a member so requests, such transactions shall be designated on the tape with the symbol ‘ST’. A trade so designated is considered to be outside the regular bidding and offering rules and only the grantor of the ‘stop’ and the broker who has been ‘stopped’ may participate in such trade.

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* Reference herein to the “sales sheet” is to the list of transactions published by the Exchange or its authorized agent.

Publication of Changes, Corrections, Cancellations or Omissions and Verification of Transactions

••• Supplementary Material:

Rule 128B – NYSE Alternext Equities. .10 Publication on the tape or in the ‘sales sheet’.—Publication of a change or a correction in a transaction which previously appeared on the tape, or publication of the cancellation of a transaction which previously appeared on the tape and which was properly rescinded, or publication of a transaction omitted from the tape may be made on the tape on the day of the transaction provided both buying and selling members agree to the change in the transaction(s) and approval is received from a Floor Official. In the event such publications are not made on the tape on the day of the transaction, they may be published on the tape at least ten minutes prior to the opening of business on the following business day or in the ‘sales sheet’ * within three business days of the date of the transaction with the approval of both the buying and selling members and a Floor Official, provided the price of the transaction does not affect the high, low, opening or closing price of the security on the day of the transaction.

.11 Reserved.

.12 Mechanical, system and clerical errors.—Erroneous publications made on the tape due to mechanical or system troubles or to clerical errors may be corrected on the tape on the day of the transaction, or on the tape by at least ten minutes prior to the opening of business on the following business day, or in the ‘sales sheet’ within three business days of the date of the transaction under the direction of an authorized NYSE Euronext employee.

.13 Other errors.—A correction in the amount of a transaction reported erroneously to a reporter by a party to the transaction, may be published on the tape on the day of the transaction, or on the tape at least ten minutes prior to the opening of business on the following business day, or on the ‘sales sheet’ * within three business days of the date of the transaction with the approval of a Floor Official.

Members who wish to make requests to have publications made on the tape or in the ‘sales sheet’ or to have verifications of transactions made, should first take up the matter as to procedure with a reporter in the Crowd where the security is dealt in or with the section supervisor at the post.

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Rule 129 – NYSE Alternext Equities. Reserved.

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Comparisons and Exchange of Contracts (Rules 130 – NYSE Alternext Equities—143 – NYSE Alternext Equities)

Overnight Comparison of Exchange Transactions

Rule 130 – NYSE Alternext Equities. (a) Notwithstanding any other rule to the contrary, each transaction effected on the Exchange shall be compared or otherwise closed out by the close of business on the Exchange on the business day following the day of the contract.

(b) The provisions of paragraph (a) above shall apply regardless of whether the transaction has been submitted to a ‘Qualified Clearing Agency’ for comparison or settlement, but such provisions shall apply only to contracts for ‘regular way’, ‘next day’ and ‘seller’s option’ settlement in stocks, rights, warrants, ‘when issued’ and ‘when distributed’ securities. The provisions of paragraph (a) shall apply to contracts in listed bonds.

(c) To facilitate next day comparison of transactions effected on the Exchange as provided for in paragraph (a) above, by such time following any such transaction as the Exchange may prescribe, each member or member organization which is a party to the contract shall submit, or cause to be submitted, such trade data as may be required by the Exchange or the Qualified Clearing Agency it selects, in such form as the Exchange or the Qualified Clearing Agency shall prescribe, to:

(i) the Qualified Clearing Agency it selects; or

(ii) such facility as the Exchange may develop and implement to facilitate comparison of transactions effected on the Exchange; and,

(iii) in the case where a Qualified Clearing Agency will not be used to compare or settle the transaction, to the party or parties on the other side of the trade.

(d) Members and member organizations shall comply with such other rules and procedures as may be adopted by the Exchange or the Qualified Clearing Agency they select, for the comparison or settlement of transactions, for the resolution of uncomparing or questioned trades, and for the collection and submission of audit trail data.

••• Supplementary Material:

.10 For purposes of paragraph (b) of this Rule 130 – NYSE Alternext Equities, the term ‘Qualified Clearing Agency’ shall have the same meaning as set forth in paragraph .10 of Rule 132 – NYSE Alternext Equities, provided further that a clearing agency shall be deemed a ‘Qualified Clearing Agency’ only if it has established rules and procedures to facilitate next day comparison of transactions as provided for in paragraph (a) of this Rule 130 – NYSE Alternext Equities.

.20 Transactions in securities admitted to dealings on the Exchange shall be submitted to the Exchange by issue or by type, as may be determined by the Exchange from time to time, for the comparison of trade information. Each clearing member shall be responsible for the submission of its own trade information to comparison and the transaction information of other members and member organizations that it has authorized to ‘give up’ its name. Each clearing member shall file

its trade information with the Exchange in accordance with the provisions of Rule 132.30 – NYSE Alternext Equities.

.30 On each business day the Exchange shall compare the trade information submitted to it by each clearing member and by the Exchange for transactions effected in the Designated Order Turnaround System, Limit Order System and Opening Automated Report Service and shall issue lists to each such clearing member indicating the results of such comparison.

.40 Each clearing member shall designate the Qualified Clearing Agency or securities depository as to which its comparison data is to be transmitted for clearance and settlement, unless the parties to a contract have mutually agreed that such data shall not be so transmitted, or it has been so stated in the bid or offer, or the Exchange refuses to act in the matter. On each business day at or prior to such time as may be prescribed by each such Qualified Clearing Agency or securities depository, the Exchange shall transmit each clearing members' compared trades based on the comparison services performed by the Exchange on that day.

.50 The Exchange shall not be responsible or liable in any way whatsoever to any member, member organization, clearing member organization, Qualified Clearing Agency or securities depository for compared trades, the failure to compare trades or for any delays, errors or omissions in the comparison process or for the production and delivery of or for the failure to produce and deliver lists and reports.

* * * * *

Comparison—Requirements for Reporting Trades and Providing Facilities

Rule 131 – NYSE Alternext Equities. Duty to Report Transactions

(a) It shall be the duty of every member to report each transaction made by him on the Floor as promptly as possible, but no later than one hour after the close of business on that day to his office, to the office of the member or member organization clearing for him or his member organization, or to the office of his principal, as the case may be, where adequate facilities to effect comparison are maintained. The Exchange may change the time requirements specified herein as it may determine.

Facilities for Comparison

(b) Every clearing member and member organization shall maintain adequate facilities for the comparison of transactions, and shall keep them available during such hours as to enable other members and member organizations reasonably to complete comparisons as required by the Rules.

Availability of Records

(c) It shall be the duty of every member to have available, at his office, his records with regard to transactions effected by him on the Floor in order to enable other members and member organizations with whom or for whom transactions were made to make inquiry concerning such

transactions. The requirements of this paragraph (c) notwithstanding, every member who effects transactions on the Floor shall have available on the Floor records of orders, original Floor Reports (or a facsimile thereof) and all other pertinent data relating to transactions that are uncomparing from the previous business day.

Availability of Representative

(d) Every member and member organization shall have a representative qualified to answer inquiries regarding orders and trades present in the office until at least 4:30 p.m. every business day.

* * * * *

A Member Organization Shall Use Its Own Mnemonic When Entering Orders

Rule 131A – NYSE Alternext Equities. (a) A mnemonic is a unique identifier issued by the Exchange to a member organization for order entry and execution identification purposes. Multiple mnemonics may be issued to a member organization at the Exchange’s discretion.

(b) Mnemonics must be obtained from the Exchange by the member organization directly or by a clearing member organization on behalf of a member organization. A mnemonic will be assigned to only one member organization and each member organization assigned a mnemonic must designate its clearing member organization.

(c) Mnemonics obtained by a clearing member organization on behalf of a member organization that enters orders on the Exchange must be in the entering member organization’s name.

(d) A member organization must use one of its own mnemonics when it enters an order on the Exchange to identify it as the entering firm.

(e) A member organization must use one of its own mnemonics when it uses its order entry system (proprietary and or vendor systems) to submit an order on the Exchange on its own behalf (proprietary and or agency orders) to identify it as the entering firm.

(f) A member organization that enters an order on the Exchange on behalf of a non-member must use its own mnemonic to identify it as the entering firm.

(g) A member organization that uses its order entry system to submit an order on the Exchange on behalf of another member organization must use its own mnemonic in the order’s entering field to identify itself as the entering firm.

(h) When a member organization requests another member organization to handle the execution of its order on the Floor of the Exchange, the mnemonic of the requesting member organization must be placed in the order’s entering firm field.

* * * * *

Comparison and Settlement of Transactions Through A Fully-Interfaced or Qualified Clearing Agency

Rule 132 – NYSE Alternext Equities. (a) Each party to a contract shall submit data regarding its side of the contract ('trade data') to a Fully-Interfaced Clearing Agency for comparison or settlement, but each party shall be free to select the Fully-Interfaced Clearing Agency of its choice for such purpose. Where the parties to a contract do not choose Fully-Interfaced Clearing Agencies for the comparison of such contract, they shall both submit trade data to the same Qualified Clearing Agency for comparison pursuant to the rules of such Clearing Agency and where such parties do not choose Fully-Interfaced Clearing Agencies for the settlement of such contract, they shall both submit the same transaction to the same Qualified Clearing Agency for settlement pursuant to the rules of such Clearing Agency; provided, however, that this paragraph (a) shall not apply if (i) it is otherwise stipulated in the bid or offer, (ii) it is otherwise mutually agreed upon by both parties to the contract, or (iii) the Fully-Interfaced or Qualified Clearing Agency selected by either party to the contract refuses to act in the matter.

(b) Transactions which are not submitted to a Qualified Clearing Agency for comparison pursuant to the rules of such Clearing Agency shall be compared in accordance with the Rules of the Exchange and transactions which are not submitted to a Qualified Clearing Agency for settlement pursuant to the rules of such Clearing Agency shall be settled in accordance with the Rules of the Exchange.

••• **Supplementary Material:**

Definitions

.10 Definition of a Qualified Clearing Agency—The term 'Qualified Clearing Agency' shall mean a clearing agency (as defined in the Securities Exchange Act of 1934) which (i) has been granted registration by the Securities and Exchange Commission under said Act, (ii) maintains facilities through which Exchange Contracts may be compared or settled, and (iii) has agreed to supply the Exchange with data reasonably requested in order to permit the Exchange to enforce compliance by its members and member organizations with the provisions of the Securities Exchange Act of 1934, the rules and regulations thereunder, and the Rules of the Exchange.

.20 Definition of Fully-Interfaced Clearing Agency—The term 'Fully-Interfaced Clearing Agency' shall mean a Qualified Clearing Agency which, in conjunction with the Qualified Clearing Agency selected by the contra-party to the contract: (i) in the case of a submission for comparison, has established systems for effecting comparison of a securities contract which permits each party to the contract to submit its trade data to the Qualified Clearing Agency selected by it and (ii) in the case of a submission for settlement, has established systems for the settlement of securities contracts in a manner which does not require each party to a contract to be a participant in the same Qualified Clearing Agency.

.30 Regardless of whether or not a Fully-Interfaced or Qualified Clearing Agency is being used for the comparison and/or settlement of a round-lot regular way contract for the purchase or sale of a security entered into on the Exchange, each clearing member organization that is a party to

such contract shall submit to a Fully-Interfaced or Qualified Clearing Agency, as defined above, in such form and within such time periods as may be prescribed by the Clearing Agency, or the Exchange, as appropriate, each of the following trade data elements:

(1) Name or identifying symbol of the security, as may be required by the clearing agency;

(2) Number of shares or quantity of security;

(3) Transaction price;

(4) Time the trade was executed;

(5) Executing broker badge number, or alpha symbol as may be used from time to time, in regard to its side of the contract;

(6) Executing broker badge number, or alpha symbol as may be used from time to time, of the contra side to the contract;

(7) Clearing firm number, or alpha symbol as may be used from time to time, in regard to its side of the contract;

(8) Clearing firm number, or alpha symbol as may be used from time to time, in regard to the contra side of the contract;

(9) Whether the account for which the order was executed was that of a member or member organization or of a non-member or non-member organization;

(10) Such other information as the Exchange may from time to time require.

Each clearing member organization that is a party to a round lot non-regular way contract for the purchase or sale of a security entered into on the Exchange shall submit each of the trade data elements referred to above to the Exchange, in such form and within such time periods as the Exchange may prescribe.

.40 It shall be the obligation of each member effecting a transaction on the Floor, whether acting as agent for another member or otherwise, to supply items (1) through (8) of the above-specified trade data to the clearing member organization for his side of the transaction for submission by such clearing member organization. The clearing member organization shall, as provided in paragraph .30 above, submit such data to a Fully-Interfaced or Qualified Clearing Agency, or to the Exchange as prescribed above. It shall also be the duty of each member to promptly upon effecting the transaction, notify the reporter in the Crowd, or such other individual as the Exchange may deem appropriate, of his broker badge number, or alpha symbol as may be used from time to time, and any other information in regard to the contract as the Exchange may determine from time to time.

* * * * *

Synchronization of Member Business Clocks

Rule 132A – NYSE Alternext Equities. Each member and member organization shall synchronize its business clocks that are used for purposes of recording the date and time of any event that must be recorded pursuant to the Rules of the Exchange, with reference to a time source as designated by the Exchange, and shall maintain the synchronization of such business clocks in conformity with such procedures as are prescribed by the Exchange.

* * * * *

Order Tracking Requirements

Rule 132B – NYSE Alternext Equities. (a) Procedures

1. With respect to any security listed on the Exchange including orders in Exchange listed securities initiated and/or routed from a member organization's booth premise operating pursuant to Exchange Rule 70.40 – NYSE Alternext Equities for execution on another market center and excluding bonds, each member and member organization shall:
 - A. immediately following receipt or origination of an order, record each item of information described in paragraph (b) of this Rule that applies to such order, and record any additional information described in paragraph (b) of this Rule that applies to such order immediately after such information is received or becomes available; and
 - B. immediately following the transmission of an order to another member, or from one department to another within the same member organization, record each item of information described in paragraph (c) of this Rule that applies with respect to such transmission; and
 - C. immediately following the modification or cancellation of an order, record each item of information described in paragraph (d) of this Rule that applies with respect to such modification or cancellation.
 - D. identify which orders or portions thereof are being made part of the Floor broker agency interest file pursuant to such procedures as required by the Exchange.
2. Each required record of the time of an event shall be expressed in terms of hours, minutes, and seconds.
3. Each member or member organization shall, by the end of each business day, record each item of information required to be recorded under this Rule in such electronic form as is prescribed by the Exchange from time to time.
4. *Maintaining and Preserving Records*

A. Each member and member organization shall maintain and preserve records of the information required to be recorded under this Rule for the period of time and accessibility specified in SEC Rule 17a-4(b).

B. The records required to be maintained and preserved under this Rule may be immediately produced or reproduced on ‘micrographic media’ as defined in SEC Rule 17a-4(f)(1)(i) or by means of ‘electronic storage media’ as defined in SEC Rule 17a-4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a-4(f) and be maintained and preserved for the required time in that form.

5. the designation of the order as a market order, limit order, stop order or intermarket sweep order.

(b) Order Origination and Receipt

Unless otherwise indicated, the following order information must be recorded under this Rule when an order is received or originated:

1. an order identifier meeting such parameters as may be prescribed by the Exchange assigned to the order by the member or member organization that uniquely identifies the order for the date it was received;

2. the identification symbol assigned by the Exchange to the security to which the order applies;

3. the market participant symbol assigned by the Exchange to the member or member organization;

4. the identification of any department or the identification number of any terminal where an order is received directly from a customer;

5. where the order is originated by a member or member organization, the identification of the department (if appropriate) of the member that originates the order;

6. the number of shares to which the order applies;

7. the designation of the order as a buy or sell order;

8. the designation of the order as a short sale order;

9. the designation of the order as a market order, limit order, stop order, or intermarket sweep order.

10. any limit and/or stop price prescribed in the order;

11. the date on which the order expires, and, if the time in force is less than one day, the time when the order expires;

12. the time limit during which the order is in force;

13. any request by a customer that an order not be displayed pursuant to Rule 604(b)(2) under Regulation NMS under the Securities Exchange Act of 1934;
14. special handling requests, specified by the Exchange for purposes of this Rule;
15. the date and time the order is originated or received by a Member or member organization; and
16. the type of account, i.e., retail, wholesale, employee, proprietary, or any other type of account designated by the Exchange, for which the order is submitted.

(c) Order Transmittal

Order information required to be recorded under this Rule when an order is transmitted includes the following:

1. When a member or member organization transmits an order to another department within the member, other than to the trading, the member or member organization shall record:
 - A. the order identifier assigned to the order by the member or member organization,
 - B. the market participant symbol assigned by the Exchange to the member or member organization,
 - C. the date the order was first originated or received by the member or member organization,
 - D. an identification of the department to which the order was transmitted, and
 - E. the date and time the order was received by that department;
2. When a member or member organization transmits an order to another member or member organization:
 - A. the transmitting member or member organization shall record:
 - (i) whether the order was transmitted manually or electronically,
 - (ii) the order identifier assigned to the order by that member or member organization,
 - (iii) the market participant symbol assigned by the Exchange to that member or member organization,
 - (iv) the market participant symbol assigned by the Exchange to the member or member organization to which the order is transmitted,

- (v) the date the order was first originated or received by the transmitting member or member organization,
 - (vi) the date and time the order is transmitted,
 - (vii) the number of shares to which the transmission applies, and
 - (viii) for each order to be included in a bunched order, the bunched order route indicator assigned to the bunched order by the member or member organization; and
- B. the receiving member or member organization shall record, in addition to all other information items in Rule 132B – NYSE Alternext Equities that apply with respect to such order:
 - (i) the fact that the order was received manually or electronically;
 - (ii) the order identifier assigned to the order by the member or member organization that transmits the order, and
 - (iii) the market participant symbol assigned by the Exchange to the member or member organization that transmits the order.
- C. The requirement in paragraph 2A above to record information regarding the transmission of an order to another member or member organization shall not apply to:
 - (i) the transmitting member or member organization where the order was transmitted to the Floor by means of the SuperDOT system; or
 - (ii) the transmitting member on the Floor, where the order is transmitted on the Floor to another member, and the order had been entered into an Exchange data base pursuant to Exchange Rule 123(e) – NYSE Alternext Equities or had been received on the Floor by means of the SuperDOT system, except that the transmitting member shall record the order identifier as specified in paragraph (e) of this Rule, and the market participant symbol assigned by the Exchange to the member or member organization to which the order was transmitted.
- D. The requirement in paragraph 2B above to record information regarding the receiving of an order shall not apply where:
 - (i) the receiving member or member organization received the order by means of the SuperDOT system; or
 - (ii) the receiving member received the order on the Floor from another member on the Floor, and the order had been entered into an Exchange data base pursuant to Exchange Rule 123(e) – NYSE Alternext Equities or had been

received on the Floor by means of the SuperDOT system, except that the receiving member shall record the order identifier as specified in paragraph (e) of this Rule, and the market participant symbol assigned by the Exchange to the member or member organization from which the order was received.

3. When a member or member organization transmits an order to a non-member, the member or member organization shall record:
 - A. the fact that the order was transmitted to a non-member,
 - B. the order identifier assigned to the order by the member or member organization,
 - C. the market participant symbol assigned by the Exchange to the member or member organization,
 - D. the date the order was first originated or received by the member or member organization,
 - E. the date and time the order is transmitted,
 - F. the number of shares to which the transmission applies, and
 - G. for each manual order to be included in a bunched order, the bunched order route indicator assigned to the bunched order by the member or member organization.

(d) Order Modifications and Cancellations

Order information required to be recorded under this Rule when an order is modified or canceled includes the following:

1. When a member or member organization modifies or receives a modification to the terms of the order, the member or member organization shall record, in addition to all other applicable information items (including a new order identifier) that would apply as if the modified order were originated or received at the time of the modification:
 - A. the order identifier assigned to the order by the member or member organization prior to the modification,
 - B. the date and time the modification was originated or received and
 - C. the date the order was first originated or received by the member or member organization.
2. When the member or member organization cancels or receives a cancellation of an order, in whole or part, the member or member organization shall record:
 - A. the order identifier assigned to the order by the member or member organization,

- B. the market participant symbol assigned by the Exchange to the member or member organization,
 - C. the date the order was first originated or received by the member or member organization,
 - D. the date and time the cancellation was originated or received,
 - E. if the open balance of an order is canceled after a partial execution, the number of shares canceled, and
 - F. whether the order was canceled on the instruction of a customer or the member or member organization.
3. The requirements in paragraphs 1 and 2 above regarding the recording of information with respect to receiving a modification or cancellation of an order shall not apply where:
- (i) the receiving member or member organization received the modification or cancellation by means of the SuperDOT system; or
 - (ii) the receiving member received the modification or cancellation on the Floor from another member on the Floor, and such modification or cancellation had been entered into an Exchange data base pursuant to Exchange Rule 123(e)-NYSE Alternext Equities, or had been received on the Floor by means of the SuperDOT system.

(e) The order identifier referred to in paragraph (b)(1) above shall be the order identifier required by Exchange Rule 123(e) – NYSE Alternext Equities with respect to any order transmitted by a member or member organization to the Floor for execution, and to any order received on the Floor by a member or member organization from off the Floor, except that the order identifier with respect to an order transmitted to the Floor by means of the SuperDOT system shall be the turnaround number assigned to such order by the system.

(f) The provisions of this Rule shall not apply to members effecting on the Floor proprietary transactions when they are acting in the capacity of a specialist.

••• Supplementary Material:

.10 For purposes of Exchange Rules:

- (a) ‘index arbitrage’ means a trading strategy in which pricing is based on discrepancies between a ‘basket’ or group of stocks and the derivative index product (i.e. a basis trade) involving the purchase or sale of a ‘basket’ or group of stocks in conjunction with the purchase or sale, or intended purchase or sale, of one or more derivative index products in an attempt to profit by the price difference between the ‘basket’ or group of stocks and the derivative index products. While the purchase or sale of the stocks must be in conjunction with the purchase or sale of derivative index products, the transaction

need not be executed contemporaneously to be considered index arbitrage. The term 'derivative index products' refers to cash-settled options or futures contracts on index stock groups, and options on any such futures contracts.

- (b) 'Program trading' means either (A) index arbitrage or (B) any trading strategy involving the related purchase or sale of a 'basket' or group of 15 or more stocks. Program trading includes the purchases or sales of stocks that are part of a coordinated trading strategy, even if the purchases or sales are neither entered or executed contemporaneously, nor part of a trading strategy involving options or futures contracts on an index stock group, or options on any such futures contracts, or otherwise relating to a stock market index.

* * * * *

Transmission of Order Tracking Information to the Exchange

Rule 132C – NYSE Alternext Equities. Members and member organizations shall be required to transmit to the Exchange, in such format as the Exchange may from time to time prescribe, such order tracking information as the Exchange may request.

* * * * *

Comparison—Non-cleared Transactions

Rule 133 – NYSE Alternext Equities. Comparison of transactions in securities executed on the Exchange, which are not submitted to the Exchange or to a Qualified Clearing Agency for comparison pursuant to the rules of such Exchange or Qualified Clearing Agency shall be effected in the following manner:

(1) Each selling member and member organization shall send to the office of the buyer in respect of each sale a comparison form in duplicate on the same business day of the transaction, but not later than 5:00 p.m. on that day;

(2) The party to whom the comparison is presented shall retain the original, if it be correct, and immediately return the duplicate duly signed;

except that transactions for delivery on the business day following the day of the contract shall be compared, in the manner prescribed herein, no later than one hour after the closing of the Exchange on the day of the transaction.

* * * * *

Differences and Omissions-Cleared Transactions

(‘QTs’)

Rule 134 – NYSE Alternext Equities. (a) When a clearing member organization submits a transaction in a listed stock which it executed on the Exchange to the Exchange or to a Qualified Clearing Agency pursuant to the rules of such Exchange or Qualified Clearing Agency as a comparison item, and learns that it is uncomparing, it shall resolve such comparison item on the first business day after the trade date through the facilities of the Correction System (the ‘System’) during the time that such System is available for use.

(b) Beginning on the morning of the first business day after the trade date, it shall be the responsibility of each clearing member organization to review its file of uncomparing transactions, if any, displayed on a terminal provided by the Exchange for such purpose and make any necessary additions, deletions or changes to its data no later than 12:00 PM on that same day. When a clearing member organization adds an uncomparing transaction to its file, it must include the time of the execution and the badge number of its executing broker and the badge number of the contra-broker.

(c) Beginning at 12:01 PM on the first business day after the trade date (or earlier in the case of transactions effected for delivery on the business day following the day of the transaction), the clearing member organization’s members that executed the uncomparing transactions shall begin to resolve such uncomparing transactions by comparing their records with the data displayed on the terminal by the contra-parties to the transactions.

(1) When the executing broker for the clearing member organization is a ‘\$2’ broker or a specialist, the clearing member organization shall notify the ‘\$2’ broker or the specialist of the uncomparing transaction by presenting him with a copy of the details of the transaction produced by the System. Such notification shall be made no later than 1:00 PM on the first business day after the trade date. The clearing member organization shall provide the ‘\$2’ broker or the specialist with copies of all relevant Floor Reports at the same time the uncomparing trade is presented.

(2) When a clearing member organization has an uncomparing transaction which it submitted to comparison (but did not execute) for a non-clearing member organization, it shall notify the non-clearing member organization of the uncomparing trade by presenting it with a copy of the details of the trade produced by the System.

Such notification shall be made no later than 1:00 PM on the first business day after the trade date. The member of the non-clearing member organization that executed the uncomparing transaction shall begin immediately to resolve the trade. If a ‘\$2’ broker or a specialist executed the transaction on behalf of the non-clearing member, he shall be provided with copies of all relevant Floor Reports at the same time the uncomparing trade is presented.

(d)(i) No member shall be permitted to effect transactions on the Floor unless such member: (a) maintains an error account at a registered broker or dealer in his or her name, or in the name of his or her member organization; or (b) such member participates in an error account established for a group of members (‘group error account’). A member shall maintain only one error account as referenced above for the resolution of errors related to transactions executed on the Exchange Floor. For orders initiated and/or routed from a member organization’s booth premise operating

pursuant to Exchange Rule 70.40 – NYSE Alternext Equities, member organizations are prohibited from processing errors related to transactions on another market center in its Exchange required error account.

(ii) Any transaction effected on the Floor which results in a member or member organization assuming or acquiring a position in a security as a result of an error and any transaction initiated on the Floor by a member to offset a transaction made in error shall be cleared in the member's or his or her member organization's error account or group error account unless the customer accepts the error transaction, or the specialist in the security accepts the error transaction as a trade on 'account of error'. Any transaction initiated on the Floor by a member to offset a transaction made in error shall be evidenced by a time stamped order ticket indicating that the transaction is to cover an error.

(iii) Records as to all errors shall be maintained by the member or his or her member organization. Such records shall include the audit trail data elements prescribed in Rule 132 – NYSE Alternext Equities, as well as the nature and amount of the error, the means whereby the member resolved the error with the member or member organization that cleared the error trade on the member's behalf, the aggregate amount of liability that the member has incurred and has outstanding, as of the time each such error trade entry is recorded, and such other information as the Exchange may from time to time require.

(iv) When a clearing member organization ceases to carry a member's or member organization's error account, the clearing member organization must notify the Exchange in writing immediately, but in no event later than the opening of trading on the following business day.

(v) No trading may take place in an error account that is not related to an error.

••• Supplementary Material:

.10 The term 'registered broker or dealer' as used in this Rule shall mean any broker or dealer registered in accordance with Section 15(b) of the Securities Exchange Act of 1934.

.20 An error may be resolved by the customer accepting the error transaction as executed and a member or member organization paying the customer to settle the amount of the error (a 'difference check'). Detailed records of the type contained in (d)(iii) shall be maintained by the member or member organization of each transaction which resulted in a difference check of more than \$500, or for which a customer refused a difference check of any amount.

.30 If the customer does not accept the erroneous transaction and the order cannot be executed on its original terms or better in the then current market, the member must issue a report from the member's or his or her member organization's error account, or with the prior approval of the specialist, from the specialist's account. Such report may be confirmed to the customer as an Exchange transaction provided there is a liquidation transaction on the Exchange in the error account.

.40 Every member not associated with a member organization, and every member associated with a member organization which derives at least 75% of its revenue from floor brokerage based on execution of orders on the Floor shall report to the Exchange error transactions in such member's or his or her member organization's account which result in a profit of more than \$500

for any transaction, or for more than \$3,000 in any calendar week. Such reports shall contain a detailed record of the errors and liquidating transaction.

(e)(i) Clearing member organizations shall resolve all uncomparing transactions as either OK or DK no later than 6:00 PM on the first business day after the trade date by inserting the appropriate response next to each uncomparing transaction contained in the System's file; provided, however, that if the transaction is for delivery on the business day following the day of the transaction, it shall be resolved no later than 2:00 PM on such day.

(ii) In order that clearing member organizations can comply with the above requirement, '\$2' brokers, specialists and non-clearing members having uncomparing transactions presented to them must respond no later than 5:00 PM, except when a non-clearing member organization has re-transmitted an uncomparing trade to a '\$2' broker or a specialist, the non-clearing member has until 5:30 PM to respond to its clearing member organization.

(iii) The time requirements set forth in Paragraphs (b), (c) and (e) may be changed from time to time as the Exchange may determine. However, the time for resolving transactions as either OK or DK set forth in Paragraph (e)(i) shall not be extended past the time that the System is available for use on any business day.

(f)(i) Transactions agreed upon as OK by a clearing member organization by entering the appropriate response into the System may not be subsequently DK'd by the clearing member. Transactions agreed upon as DK by a clearing member organization by entering the appropriate response into the System may not be subsequently OK'd by the clearing member.

(ii) Transactions which have been DK'd by a clearing member organization by entering the appropriate response into the System may be closed out by the questioning firm under the provisions of Rule 283 – NYSE Alternext Equities and the printed record of such response produced by the System shall constitute the notice requirement of Rule 283 – NYSE Alternext Equities.

(g) For the purposes of this rule an 'error' occurs as described in this subsection (g) and (h) below. When an order is executed outside of the customer instructions as entered in the electronic order tracking system of the Exchange pursuant to Rule 123(e) – NYSE Alternext Equities. This includes, but is not limited to:

(i) When a held or a not held order is executed in:

(a) the wrong security; or

(b) on the wrong side of the market; or

(c) at a price outside the limit price of the order; or

(d) is over bought or over sold; or

(e) duplicates an execution.

(ii) When an error is committed in the execution of a not held order as it relates to symbol, side, or price as noted in (i) above, which causes such not held order to remain unexecuted.

(h) When: (i) there is a failure to execute a held order when market conditions permitted; or (ii) when a not held order remains unexecuted, in whole or in part, due to the order being lost or misplaced, or as a result of a system malfunction. A system malfunction is the failure of physical equipment, devices and/or programming employed by the Floor broker or otherwise provided by the Exchange and used in the execution of orders.

(i) The Floor broker must maintain a signed, time-stamped record, including supporting documentation of such error.

(j)(i) For the types of errors referred to in (h)(ii) above, such record and supporting documents must be provided to the Division of Market Surveillance prior to the opening of the Floor on the next trade date following the error.

(ii) With respect to the errors described in (h)(ii) above, the Floor broker may execute the order in alignment with half the volume of each Exchange tape print up to the size of the order between the time that the order was entered and the time that the Floor Broker realized that the order was lost, misplaced or not executed as a result of a system malfunction. If executing half the volume of an order based on the Exchange tape print would result in more than a unit of trading, but not a multiple thereof (such as 150 shares), the customer would be entitled to the nearest full unit of shares rounded down (such as 100 shares).

(iii) If the Floor broker fails to provide sufficient documentation, (which must include, but is not limited to, the date and time of the error, the date and time the error was discovered, the size of the error, the stock in which the error occurred, the original instructions, the names of all involved parties including the client and any upstairs trader, a detailed narrative of how the error occurred, detail narrative of discussions with relevant parties, the steps taken to correct the error and the ultimate resolution of the error) prior to the next trade date following the error, the Floor broker is prohibited from relying on the provisions of (j)(ii) above.

••• Supplementary Material:

.10 Orders Stored in the Opening Automated Report Service.-Differences and omissions with respect to transactions involving orders stored in the Opening Automated Report Service shall be resolved pursuant to the procedures set forth in Rule 115A.30 – NYSE Alternext Equities.

* * * * *

Differences and Omissions—Non-cleared Transactions ('DK's')

Rule 135 – NYSE Alternext Equities. (a) When a comparison of a transaction executed on the Exchange which is not submitted to the Exchange or to a Qualified Clearing Agency for comparison pursuant to the rules of such Exchange or Qualified Clearing Agency is received and the recipient has no knowledge of the transaction, the comparison shall be stamped 'Don't Know,'

dated and initialed by the person so marking the same, and the comparison form, so stamped, shall be returned immediately to the seller; and

(b) when the buyer has not received a comparison from the seller, or when comparison cannot be made because of a difference, the buyer shall communicate that fact by telephone to the seller as soon as possible, but not later than the opening of the Exchange on the first business day following the day of the transaction; and

(c) when a comparison form has been returned to the seller stamped ‘Don’t Know,’ or if, for any reason, comparison cannot be made, the parties shall, as soon as possible, but not later than 12:01 PM on the first business day following the day of the transaction, report the transaction to the executing Floor broker or brokers; and

(d) the Floor broker or brokers to whom such a transaction is reported shall investigate it immediately and resolve the transaction as either OK or DK no later than 6:00 PM on such day; provided, however, that, if the questioned transaction is one for delivery on the business day following the day of the transaction, it shall be handled as provided above and reported to the executing Floor broker or brokers as soon as possible, but in any event prior to the opening of the Exchange on the business day following the day of the transaction, and resolved no later than 2:00 PM that same day.

The provisions of this rule do not apply to transactions which are submitted to the Exchange or to a Qualified Clearing Agency for comparison pursuant to the rules of such Qualified Clearing Agency.

••• Supplementary Material:

.10 Sample ‘Don’t know’ stamp.—

DON’T KNOW

Jones & Smith

Date

Per

* * * * *

Comparison—Transactions Excluded from a Clearance

Rule 136 – NYSE Alternext Equities. A transaction which was submitted to the Exchange or to a Qualified Clearing Agency for comparison pursuant to the rules of such Exchange or Qualified Clearing Agency, but which has been excluded for any reason by such Exchange or Qualified Clearing Agency and has not otherwise been compared through the facilities or pursuant to the rules of such Exchange or Agency shall be compared, in the manner provided in Rule 133 – NYSE Alternext Equities, as promptly as possible after the parties thereto have been advised that the transaction has been excluded.

* * * * *

Written Contracts

Rule 137 – NYSE Alternext Equities. On ‘seller’s option’ transactions in stocks, on ‘seller’s option’ transactions in bonds for more than seven days and on all transactions made ‘when issued’ or ‘when distributed,’ that are not submitted to the Exchange or to a Qualified Clearing Agency for comparison pursuant to the rules of such Exchange or Qualified Clearing Agency, written contracts shall be exchanged not later than one hour after the close of business on the same business day of the transaction.

Powers of attorney to employees

Such contracts must be signed by a member, a general partner or a duly authorized officer of a member organization; or the member or member organization may authorize one or more employees to sign them in the name of such member or member organization with the same effect as if the name of such member or member organization had been signed under like circumstances by such member, general partner or duly authorized officer of a member organization by executing and filing with the Exchange, in the form prescribed by it, a Power of Attorney or authorization for each person so authorized.

Before the name of any member corporation is affixed to such a contract by an officer or employee thereof, the member corporation shall file with the Exchange in the form prescribed by it evidence that such officer or employee has been authorized to sign such contracts on behalf of the member corporation.

Liability

When written contracts have been exchanged, only the members or member organizations whose names have been so signed thereon shall be liable.

* * * * *

Samples of Written Contracts

••• Supplementary Material:

Rule 137A – NYSE Alternext Equities. .20 ‘Seller’s option’ contract for stock.—

.....Shares. New York _____ 20 ..

.....have {{SOLD to/PURCHASED of}} _____

.....shares of theStock of theat
per share payable and deliverable

either party having the right to call for deposits, according to the requirements of the Rules of NYSE Alternext Equities; and on the failure of the party called upon to comply therewith, this

contract shall mature, with the right and authority to the party not in default to close the contract in accordance with the Rules of NYSE Alternext Equities.

.....
.30 'When Issued' or 'When Distributed' contract.—

(Firm name)

Date

<u>Sold to</u>	<u>Purchased From</u>	<u>Quantity</u>	<u>Description of Security</u>	<u>Price</u>
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••• Supplementary Material:

This contract shall be settled and payment therefore made at such time and place, in such manner, and by the delivery of such securities and/or other property as the Exchange may determine, or shall be canceled and thereafter shall be null and void if the Exchange determines that the plan or proposal pursuant to which the securities were to be issued or distributed has been abandoned or materially changed or that the securities which are the subject of the contract have been materially changed. During the pendency of this contract either party shall have the right to call for a mark to the market, and upon failure of the other party to comply therewith the party not in default may close this contract in accordance with the requirements of the Exchange.

* * * * *

Give-Ups

Rule 138 – NYSE Alternext Equities. Time for Effecting

An original party to a transaction may give up to the other original party to said transaction, the names of other members or member organizations, but such giving up or the acceptance thereof shall not constitute a substitution of principals. Such give-ups shall be effected either at the time of the transaction or within one hour and a half after the time of the transaction; except that the time limit for effecting give-ups on any day shall be one hour after the closing of the Exchange on the day of the transaction. Give-ups effected at any time other than at the time of the transaction on

transactions which are not to be cleared through Stock Clearing Corporation shall be in writing and delivered to the party on the other side of the transaction.

Give-Up Transactions in Securities Which Are to Be Cleared Through Stock Clearing Corporation

A clearing member so given up shall indicate the clearing number of the executing party on such forms, at such times, and in the manner prescribed by the Rules of Stock Clearing Corporation.

Duty of Comparison

The members or member organizations so given up shall have the same duty of comparison as original parties; and no original party shall refuse to compare with the members or member organizations given up as provided in this Rule.

In the event a give-up is not effected within the time limit specified in this Rule, the transaction shall be compared and cleared by the party who failed to give up.

••• Supplementary Material:

.10 ‘Clearing number’ defined.—The term ‘clearing number’ means the Stock Clearing Corporation number assigned to a Clearing Member or the Commission Bill number assigned to a Non-Clearing Member.

* * * * *

Recording

Rule 139 – NYSE Alternext Equities. When names are given up on transactions, members or member organizations so given up or receiving such give-ups shall immediately record such names on their blotters or other records, and shall use the names, so given up, on exchange tickets and comparisons, or when exchanging contracts.

* * * * *

Members Closing Contracts—Conditions

Rule 140 – NYSE Alternext Equities. A member or member organization may close a contract as provided in Rule 283 – NYSE Alternext Equities in the event that:

- (1) He or it has been advised that the other party to the contract does not recognize the contract; or

- (2) the other party to the contract neglects or refuses to exchange written contracts pursuant to Rule 137 – NYSE Alternext Equities.

* * * * *

‘Fail to Deliver’ Confirmations

Rule 141 – NYSE Alternext Equities. If delivery on a contract has not been made on the due date, other than a contract which has been submitted to a Qualified Clearing Agency for settlement pursuant to the rules of such Qualified Clearing Agency, either the buyer or the seller may, while such contract remains open, send to the other party, in duplicate, a ‘fail to deliver’ confirmation.

When a ‘fail to deliver’ confirmation is sent to a member or member organization, the party to whom the confirmation is presented shall retain the original, if it be correct, and promptly return the duplicate stamped and initialed; if such party has no knowledge thereof, the confirmation shall be stamped in the manner provided in Rule 135(a) – NYSE Alternext Equities.

* * * * *

Effect on Contracts of Errors in Comparison, etc.

Rule 142 – NYSE Alternext Equities. No comparison or failure to compare, and no notification or acceptance of notification of failure to receive or failure to deliver, notwithstanding the fact that the transaction has been submitted to the Exchange or to a Qualified Clearing Agency, shall have the effect of creating or of canceling a contract, or of changing the terms thereof, or of releasing the original parties from liability.

* * * * *

Rule 143 – NYSE Alternext Equities – 164 – NYSE Alternext Equities. Reserved.

* * * * *

Loans (Rules 151 – NYSE Alternext Equities—161 – NYSE Alternext Equities)

Marking to the Market (Rules 165 – NYSE Alternext Equities—168 – NYSE Alternext Equities)

Demands for Marking to the Market

Rule 165 – NYSE Alternext Equities. The party who is partially unsecured by reason of a change in the market value of the subject of a contract, other than a contract as to which marks-to-the-market are governed by the rules of a Qualified Clearing Agency, may demand from the other party the difference between the contract price and the market price. The party from whom such difference is demanded shall immediately either (1) pay the same directly or through the facilities of a Qualified Clearing Agency if permitted by the rules of such Clearing Agency to the party who is partially unsecured, in which case the money so paid shall bear interest at the current renewal rate for call loans, except in the case of a loan of securities when the money so paid shall be considered part of such loan, or (2) deposit the same with a Qualified Clearing Agency specified by the partially unsecured party, if permitted by the rules of such Clearing Agency.

* * * * *

Demands for Marking—Procedure

Rule 166 – NYSE Alternext Equities. All demands for the difference between the contract price and the market price shall be made during the hours when the Exchange is open for business, shall be in writing and shall be delivered at the office of the party upon whom the demand is made and shall be complied with immediately.

* * * * *

Rules 167 – NYSE Alternext Equities - 174 – NYSE Alternext Equities. Reserved.

* * * * *

Settlement of Contracts (Rules 175 – NYSE Alternext Equities—227 – NYSE Alternext Equities)

Extension or Postponement of Contracts—Power of Board

Rule 175 – NYSE Alternext Equities. Anything contained in the Rules to the contrary notwithstanding, (1) the Board of Directors may extend or postpone the time for the performance of Exchange contracts whenever in its opinion such action is called for by the public interest, by just and equitable principles of trade, or to meet unusual conditions; and

(2) unless otherwise directed by the Exchange, all contracts which would otherwise be due on any day on which deliveries are suspended under clause (1) shall be due and settled on the next day on which deliveries are resumed and all other contracts due for settlement after any day on which deliveries are so suspended shall be settled on the original due dates of such contracts.

* * * * *

Delivery Time

Rule 176 – NYSE Alternext Equities. Deliveries of securities (except as provided in Rule 177 – NYSE Alternext Equities) and except for securities to be delivered pursuant to the rules of a Qualified Clearing Agency shall be due before 11:30 a.m., unless the Exchange shall advance, extend or otherwise direct with respect to the time within which such deliveries shall be due.

* * * * *

Delivery Time—‘Cash’ Contracts

Rule 177 – NYSE Alternext Equities. Deliveries against transactions made for ‘cash’ at or before 2:00 p.m. shall be due before 2:30 p.m. Deliveries against transactions made for ‘cash’ after 2:00 p.m. shall be due within thirty minutes after the time of the transaction.

* * * * *

Contracts Due on Holidays or Saturdays

Rule 178 – NYSE Alternext Equities. All contracts which would otherwise fall due on a day other than a business day shall mature on the succeeding business day, unless otherwise agreed.

The Exchange may, however, in any specific case, direct otherwise.

* * * * *

‘Seller’s Option’

Rule 179 – NYSE Alternext Equities. When securities have been sold ‘seller’s option,’ delivery shall be due on the day of the expiration of the option (unless such day is other than a business day, when Rule 178 – NYSE Alternext Equities shall apply) but may be made at the option of the seller on any business day prior thereto upon one day’s written notice. Such notice must be given by the seller before 4:00 p.m. and may not be given until the day when delivery would have been due if the contract had been made ‘regular way.’

Effect of notice

A notice given pursuant to the provisions of this Rule shall be considered as in full force until delivery is made.

* * * * *

Failure to Deliver

Rule 180 – NYSE Alternext Equities. If securities which are to be delivered pursuant to the rules of a registered clearing agency are not so delivered, the contract may be closed as provided in the rules of said registered clearing agency. If not so closed or if there is a failure to deliver securities which are to be delivered pursuant to Rule 176 – NYSE Alternext Equities or Rule 177 – NYSE Alternext Equities, and in the absence of any notice or agreement, the contract shall continue without interest until the following business day; but in every such case of non-delivery of securities, the party in default shall be liable for any damages which may accrue thereby. All claims for such damages shall be made promptly.

When the parties to a contract are both participants in a registered clearing agency which has an automated service for notifying a failing party of the liability that will be attendant to a failure to deliver and that contract was to be settled through the facilities of said registered clearing agency, the transmission of the liability notification must be accomplished through use of said automated notification service.

* * * * *

Delivery by Certificate or Transfer—Personal Liability

Rule 181 – NYSE Alternext Equities. The receiver of shares of stock other than shares deliverable pursuant to the rules of a Qualified Clearing Agency shall have the option, prior to the date delivery is made, of requiring the delivery to be made either in certificates therefor or by transfer thereof; except that in cases where personal liability attaches to ownership, the seller shall have the right to make delivery by transfer.

The right to require receipt or delivery by transfer shall not obtain while the transfer books are closed.

* * * * *

Charges on Transfer

Rule 182 – NYSE Alternext Equities. If the transfer of securities entails any expense (such as transfer fees, additional taxes, etc.) which is not ordinarily payable on a sale of such securities, the expense shall be borne by the party at whose instance the transfer is made.

If delivery is made during the closing of the transfer books with an assignment executed as provided in Rule 202 – NYSE Alternext Equities – NYSE Alternext Equities or 214– NYSE Alternext Equities, the expense of making transfer shall be borne by the party who first delivered the security during the closing of the transfer books.

The Exchange may in any particular case direct otherwise.

* * * * *

Payment on Delivery

Rule 183 – NYSE Alternext Equities. In all deliveries of securities other than securities deliverable pursuant to the rules of a Qualified Clearing Agency, the party delivering shall have the right to require the purchase money to be paid upon delivery; if delivery is made by transfer, payment may be required at the time and place of transfer.

* * * * *

Damages Not To Be Deducted

Rule 184 – NYSE Alternext Equities. Parties receiving securities shall not deduct from the purchase price any damages claimed for non-delivery, except with the consent of the party delivering the same.

* * * * *

Denominations on Delivery

Rule 185 – NYSE Alternext Equities. Unless otherwise agreed, stock certificates physically delivered in settlement of contracts in stocks:

- (1) in which the unit of trading is 100 shares, shall be for the exact amount of the trading unit, for smaller amounts aggregating the trading unit, or for any multiple of the trading unit;
- (2) in which the unit of trading is less than 100 shares, shall be for the exact amount of stock sold, or for smaller amounts aggregating the amount sold;
- (3) for less than the unit of trading, shall be for the exact amount of stock sold, or for smaller amounts aggregating the amount sold;

provided, however, that stock certificates in the above denominations may be delivered only when such certificates have been prepared in accordance with the engraving requirements of the Exchange.

* * * * *

Bonds—Denominations on Delivery

Rule 186 – NYSE Alternext Equities. Unless otherwise agreed, bonds physically delivered in settlement of contracts in bonds shall be made in denominations of the trading unit; or multiples thereof; in amounts of \$500 multiples aggregating the trading unit; or multiples thereof, when exchangeable without charge for bonds in the unit of trading, but in no event a denomination larger than \$100,000. Larger than \$100,000 pieces will be a delivery if prepared in accordance with the engraving requirements of the Exchange.

* * * * *

Bonds—Deliverability

Rule 187 – NYSE Alternext Equities. Unless otherwise agreed, contracts in bonds, which are issuable either in coupon or registered form and which are settled by physical delivery, may be settled by delivery of bonds in either form in the denominations permitted by Rule 186 – NYSE Alternext Equities; provided, however, that such bonds shall be

- (1) interchangeable, without charge;
- (2) prepared in accordance with the engraving requirements of the Exchange; and
- (3) exchangeable and transferable in the Borough of Manhattan, City of New York.

••• Supplementary Material:

.10 The Exchange will designate those issues which meet the foregoing requirements and may be dealt in and delivered interchangeably.

* * * * *

“Small” Bonds—”Large” Bonds

Rule 188 – NYSE Alternext Equities. Coupon bonds in denominations of less than \$500 shall be designated as small bonds, and in denominations of more than \$1,000, except as provided in Rule 186 – NYSE Alternext Equities, as large bonds, and shall, when physically delivered, be a delivery only when dealt in specifically as such.

* * * * *

Unit of Delivery

Rule 189 – NYSE Alternext Equities. Except for contracts to be settled pursuant to the rules of a Qualified Clearing Agency, the buyer shall accept any portion of a lot of securities contracted for if tendered in lots of one trading unit or multiples thereof, but on sales made ‘seller’s option,’ the buyer shall not be required to accept, before the date of the expiration of the option, a portion of a lot of securities contracted for.

* * * * *

Deliveries of Failures

Rule 190 – NYSE Alternext Equities. On delivery of a failure to deliver item, other than in respect of a contract to be settled pursuant to the rules of a Qualified Clearing Agency, carried forward from a previous day the party making the delivery shall place upon the delivery ticket the words ‘Account Failure’ giving the date on which delivery was originally due, and the date on which delivery is made.

* * * * *

Foreign Currency Bonds

Rule 191 – NYSE Alternext Equities. All contracts in bonds issued in foreign currencies shall be settled on the basis of that currency or a currency agreed upon by the contra parties.

* * * * *

‘Part-paid’ Securities

Rule 192 – NYSE Alternext Equities. Securities which have been partly paid for on subscription shall be designated as ‘part-paid’ securities.

The settlement price of contracts in ‘part-paid’ securities shall be determined by deducting from the contract price the unpaid portion of the subscription price.

••• Supplementary Material:

.10 Method of computation.—(To illustrate the method of computing the settlement price of ‘part-paid’ securities, the following example is given:

If the subscription price on an issue of stock is \$97 per share and \$50-Paid receipts are dealt in (\$47 per share remaining to be paid) and if a contract is made at \$98.50, the price at which the contract would be settled is \$51.50, i.e., \$98.50, less \$47.)

* * * * *

“Part-redeemed” Bonds

Rule 193 – NYSE Alternext Equities. Unless otherwise directed by the Exchange, bonds which have been redeemed or repaid in part shall be designated as “part-redeemed” bonds.

Contracts in “part-redeemed” bonds shall be made and settled on the basis of a percentage of the original principal amount thereof.

••• Supplementary Material:

.10 Method of computation.—(To illustrate the method of dealing and computing the settlement price of “part-redeemed” bonds, the following example is given:

A sale at 70 of a bond on which a principal payment of 25% has been made (reducing the principal of the bond to \$750), would represent a sale of the \$750 bond at a price of \$700, being 70% of \$1,000.)

* * * * *

Stamp Taxes

Rule 194 – NYSE Alternext Equities. Each delivery of securities subject to tax on transfer or sale must be accompanied by a sales ticket stamped in accordance with the laws of the applicable jurisdiction, provided however, that, as to securities delivered pursuant to the rules of a Qualified Clearing Agency, the rules of such Agency shall govern the payment of any such tax.

* * * * *

Assignments

Rule 195 – NYSE Alternext Equities. (a) A certificate of stock, a registered bond or other registered security shall be accompanied by a proper assignment, executed either on the certificate itself or on a separate paper, in which latter case there shall be a separate assignment for each certificate or bond.

Separate assignments

(b) A separate assignment shall contain provision for the irrevocable appointment of an attorney, with power of substitution and a full description of the security, and shall be in the form approved by the Exchange. The number of shares of stock or the principal amount of a bond shall be expressed in both words and numerals.

* * * * *

Power of Substitution

Rule 196 – NYSE Alternext Equities. The following procedure must be followed in the delivery of securities, except for securities to be delivered pursuant to the rules of a Qualified Clearing Agency:

When the name of an individual or member organization has been inserted in an assignment, as attorney, a power of substitution shall be executed in blank by such attorney.

When the name of an individual or member organization has been inserted in a power of substitution, as substitute attorney, a new power of substitution shall be executed in blank by such substitute attorney.

When the name of a Qualified Clearing Agency or nominee thereof has been inserted in an assignment, as attorney, or in a power of substitution, as substitute attorney, a power of substitution shall be executed in blank by such Qualified Clearing Agency or nominee thereof as provided in Rule 200 – NYSE Alternext Equities.

* * * * *

Alterations or Corrections

Rule 197 – NYSE Alternext Equities. Any alteration or correction in an assignment, power of substitution, or other instrument shall be accompanied by an explanation on the original instrument, signed by the person, firm or corporation executing the same.

* * * * *

Signatures

Rule 198 – NYSE Alternext Equities. The signature to an assignment or power of substitution shall be technically correct, i.e., it shall correspond with the name as written upon the certificate in every particular without alteration or enlargement, or any change whatever, except that in the case of a firm ‘and’ or ‘&,’ ‘Company’ or ‘Co.’ may be written either way.

* * * * *

Corporate Assignments

Rule 199 – NYSE Alternext Equities. A certificate in the name of a corporation (except as provided in Rule 200(a) – NYSE Alternext Equities hereof) or an institution, or in a name with

official designation, shall be a delivery only if the statement ‘Proper papers for transfer filed by assignor’ is placed on the assignment and signed by the transfer agent.

* * * * *

Assignments—By Member Organizations

Rule 200 – NYSE Alternext Equities. (a) A member, member firm, member corporation or Qualified Clearing Agency or nominee thereof may (i) assign registered securities in its name and on its behalf, (ii) guarantee the signature to an assignment of registered securities, (iii) execute powers of substitution and (iv) effect other certifications and guarantees incident to the transfer, payment, exchange, purchase or delivery of registered securities, including, but not limited to, erasure guarantees, one-and-the-same guarantees and situs certifications, by applying a manually stamped or mechanically reproduced medallion adopted as provided in this Rule 200 – NYSE Alternext Equities. A security registered in the name of a member, member firm, member corporation or Qualified Clearing Agency or nominee thereof shall be a delivery provided the assignment is executed by applying the medallion of such member, member firm, member corporation, Qualified Clearing Agency or nominee adopted in accordance with this Rule 200 – NYSE Alternext Equities.

(b) A member, member firm, member corporation or Qualified Clearing Agency or nominee thereof may use a medallion as provided in these Rules, provided the member, member firm, member corporation or Qualified Clearing Agency or nominee thereof shall have (1) executed and filed with the Exchange, in the form prescribed by it, an agreement with respect to the use of such medallion and (2) complied with such other requirements as may be prescribed by the Exchange in connection with the use of medallions.

••• Supplementary Material:

.10 Rule 200(a) – NYSE Alternext Equities requires the use of a medallion adopted in accordance with NYSE Rule 200.

* * * * *

Assignments—By Persons Since Deceased, Trustees, Guardians, etc.

Rule 201 – NYSE Alternext Equities. A certificate shall not be a delivery except as noted under (a), (b), or (c) below with an assignment or power of substitution executed by a: (1) person since deceased; (2) trustee or trustees, except trustees acting in the capacity of a board of directors of a corporation or association, in which case Rule 199 – NYSE Alternext Equities shall apply; (3) guardian; (4) infant; (5) executor; (6) administrator; (7) receiver in bankruptcy; (8) agent; or (9) attorney.

Exceptions:

- (a) Domestic individual executor/s or administrator/s.
- (b) Domestic individual trustee/s under inter vivos or testamentary trusts.
- (c) Domestic guardian/s, including committees, conservators, and curators.

••• Supplementary Material:

.10 ‘Exceptions—Domestic’.— The above exceptions to the Rule are to cover transfers that will be effected by transfer agents without additional documentation. Such exceptions apply only to securities of a domestic issuer (one organized under the laws of any state of the United States, and the District of Columbia), which bear the above domestic registrations set forth in (a), (b), and (c). Certificates bearing such registrations must be properly assigned, and the signature(s) to the assignment must be guaranteed pursuant to Rule 209 – NYSE Alternext Equities.

* * * * *

Assignments—By Insolvents

Rule 202 – NYSE Alternext Equities. A certificate with an assignment or power of substitution executed by an insolvent shall be a delivery only during the closing of the transfer books, during which time such a certificate shall be a delivery only if held by others than the insolvent and if it is accompanied by an affidavit that the said certificate was so held on a date prior to the insolvency and the signature to the assignment or power of substitution is guaranteed as provided in Rule 209 – NYSE Alternext Equities.

* * * * *

Assignments—By Dissolved Member Organizations

Rule 203 – NYSE Alternext Equities. A certificate with an assignment or power of substitution executed by a member organization that has since ceased to exist shall be a delivery only during the closing of the transfer books, provided the execution of the assignment or power of substitution is properly acknowledged and the signature thereto is guaranteed as provided in Rule 209 – NYSE Alternext Equities.

* * * * *

Assignments—By Continuing Member Organizations

Rule 204 – NYSE Alternext Equities. A certificate with an assignment or a power of substitution executed by a member organization that has since dissolved or ceased to be a member organization and is succeeded by either:

- (1) A member firm or firms having as general partners one or more of the members or allied members in the dissolved or former member organization; or
- (2) a member corporation or corporations having as members or allied members one or more of the members or allied members in the dissolved or former member organization

shall be a delivery only if the new member organization or one of the new member organizations, shall have applied its medallion to the certificate in the vicinity of the assignment or power of substitution as of the date of or a date subsequent to the formation of the new member organization.

* * * * *

Assignments—Change in Member Organization Name

Rule 205 – NYSE Alternext Equities. A certificate with an assignment or power of substitution executed by a member organization, the name of which has since been changed, shall be a delivery only if such member organization shall have applied its medallion bearing its new name to the certificate in the vicinity of the assignment or power of substitution as of the date of or a date subsequent to the change in name.

* * * * *

Joint Tenancy—Special Designation, etc.—Tenancy in Common

Rule 206 – NYSE Alternext Equities. A certificate with an inscription to indicate joint tenancy, or with a qualification, restriction or special designation, shall not be a delivery.

A certificate with an inscription to indicate tenancy in common, shall be a delivery only if signed by all co-tenants.

* * * * *

Two or More Names

Rule 207 – NYSE Alternext Equities. A certificate issued in the names of two or more individuals or firms shall be a delivery only if signed by all the registered owners.

* * * * *

Rule 208– NYSE Alternext Equities. Reserved.

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Signature Guarantee

Rule 209 – NYSE Alternext Equities. Except with respect to registered securities of the United States Government or securities to be delivered pursuant to the rules of a Qualified Clearing Agency, the signature to an assignment of a certificate (not in the name of a participant in a signature guarantee program under Rule 17Ad-15 under the Securities Exchange Act of 1934) shall be guaranteed by an entity which is a participant in a signature guarantee program under said Rule.

Each signature to a power of substitution executed by other than a participant in a signature guarantee program under said Rule shall be guaranteed in like manner.

* * * * *

Member Signature is Guarantee

Rule 210 – NYSE Alternext Equities. A guarantee of an assignment or power of substitution shall be a guarantee of the signature to such assignment or power of substitution; a guarantee of a signature shall be a warranty that at the time of signing the signature was genuine, the signer was an appropriate person to endorse and the signer had legal capacity to sign, but shall not be a warranty of the rightfulness of the particular transfer.

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Rules 211– NYSE Alternext Equities. Reserved.

* * * * *

Guarantee by Insolvent

Rule 212 – NYSE Alternext Equities. A certificate with an assignment or power of substitution guaranteed by an insolvent shall be a delivery only if reguaranteed as provided in Rule 209 – NYSE Alternext Equities.

* * * * *

Transfer Books Closed Indefinitely

Rule 213 – NYSE Alternext Equities. The Exchange may in particular cases direct that assignments and powers of substitution on certificates of a company whose transfer books are closed indefinitely be properly acknowledged.

* * * * *

Transferees in Error

Rule 214 – NYSE Alternext Equities. A certificate of stock on which the name of a transferee has been filled in in error shall be a delivery during the closing of the transfer books, provided that:

(1) Statements as follows have been placed on the back of the certificate, signed and properly acknowledged:

(A) By Transferee:

‘I (we) have no interest in the within certificate of stock.’

(B) and by Assignor:

‘Above power of attorney cancelled by me (us) and a new detached assignment and power issued in lieu of it.’

(C) and by Attorneys (if any):

A separate statement as follows, with proper acknowledgment by each attorney:

‘I (we) have no interest in the within certificate of stock, and within power of substitution datedis hereby cancelled.’

and,

(2) the registered owner shall have executed a separate detached assignment (Form No. 2), and

(3) the papers shall have been presented to the Exchange and determined to be in order.

* * * * *

Acknowledgments; Affidavits

Rule 215 – NYSE Alternext Equities. Acknowledgments, affidavits, or depositions shall be executed before an officer having authority to take acknowledgments under the laws of the state in which such instruments are executed and shall bear the seal of the signing officer.

Any alteration or correction in an acknowledgment shall be properly noted by the signing officer.

* * * * *

Assignments of ‘Rights’

Rule 216 – NYSE Alternext Equities. Rules 195 – NYSE Alternext Equities to 215 – NYSE Alternext Equities, inclusive, shall apply to assignments of registered warrants for rights to subscribe, provided that warrants assigned by a trustee, guardian, executor, administrator, conservator, assignee, receiver in bankruptcy or a corporation shall be a delivery if permitted by the Exchange.

* * * * *

Called Securities

Rule 217 – NYSE Alternext Equities. Securities which are called for redemption shall not be a delivery on and after the first date when the serial numbers of the stock certificates or bonds drawn for redemption become available, by publication or otherwise, except when an entire issue is called for redemption and except in respect of transactions in called stock or called bonds, as the case may be, dealt in specifically as such.

* * * * *

Rules 218. Reserved.

* * * * *

Proper Coupons, Warrants

Rule 219– NYSE Alternext Equities. Coupon bonds shall have securely attached proper coupons, warrants, etc., of the same serial numbers as the bonds. The money value of a coupon missing from a bond may be substituted by mutual consent of the parties to the contract.

* * * * *

Bonds Registered as to Principal or for Voting Purposes Only

Rule 220– NYSE Alternext Equities. Coupon bonds which have been registered as to principal shall be a delivery only if registered to bearer, or, while the transfer books are closed, only if accompanied by a proper assignment for each bond.

Coupon bonds which have been “registered for voting purposes only” shall be a delivery only if such registration has been cancelled.

* * * * *

Endorsed Bonds

Rule 221– NYSE Alternext Equities. A coupon bond bearing an endorsement of a definite name of a person, firm, corporation, association, etc., in conjunction with words of condition, qualification, direction or restriction, not properly pertaining thereto as a security, shall not be a delivery unless sold specifically as an “endorsed bond.”

This rule shall also apply to bonds with coupons bearing such endorsements.

* * * * *

Released Endorsed Bonds

Rule 222– NYSE Alternext Equities. A coupon bond bearing an endorsement indicating that the bond was deposited in accordance with a governmental requirement pertaining to banking institutions or insurance companies shall not be a delivery. If released, with such release acknowledged before an officer authorized to take acknowledgments, it may be delivered if sold specifically as a “released endorsed bond.”

* * * * *

Mutilated Bonds

Rule 223– NYSE Alternext Equities. A coupon bond which has become mutilated shall not be a delivery unless permitted by the Exchange.

* * * * *

Mutilated Coupons

Rule 224– NYSE Alternext Equities. A bond bearing a coupon which has been mutilated as to the bond number or signature or which has been cancelled in error shall not be a delivery unless appropriate endorsement in the form required by the Exchange shall have been placed upon the reverse of the coupon.

The endorsement shall be signed on behalf of the obligor by an officer thereof or, under authorization from the obligor, on behalf of the Corporate Trustee or Paying Agent by a duly authorized officer thereof or other person authorized to sign on behalf thereof.

••• Supplementary Material:

.10 Mutilated Coupons.—It is required that the following endorsement be placed upon the reverse of a coupon which has been mutilated as to bond number or signature:

“This coupon belongs to Bond No.and is a valid obligation of the obligor.

.....
.....“

In case a coupon has been cancelled in error, it is required that the following endorsement be placed upon the reverse of the coupon:

“This coupon, belonging to Bond No. cancelled in error; it is a valid obligation of the obligor.

.....
.....“

The endorsement shall be signed on behalf of the obligor by an officer thereof or, under authorization from the obligor, on behalf of the Corporate Trustee or Paying Agent by a duly authorized officer thereof or other person authorized to sign on behalf thereof.

The Division of Stock List shall be notified in writing by the obligor, Corporate Trustee or Paying Agent signing the endorsement, of the making of the endorsement, identifying the endorsed coupon and reciting the language of the endorsement. If the endorsement is by other than the obligor, such notification to the Exchange must include a certification that proper authorization to make the endorsement has been received from the obligor.

If the coupon has become detached from the bond, it shall be properly attached thereto.

* * * * *

Delivery of Equivalent Securities

Rule 225 – NYSE Alternext Equities. All contracts made in securities listed on the Exchange shall be subject to the condition that, unless otherwise specifically agreed between the parties, in the event that such securities become or are exchangeable for new or other securities under a plan or proposal relating to such securities, the Exchange may in its discretion direct that, upon admission to dealings of the new securities, settlement of such contracts, unless previously effected, may be made by delivery either of the securities contracted for or the equivalent in securities and cash or other property receivable under such plan or proposal.

* * * * *

Uniform Book-Entry Settlement

Rule 226 – NYSE Alternext Equities. (a) Each member and member organization shall use the facilities of a securities depository for the book-entry settlement of all transactions in depository eligible securities with another member or member organization or a member of a national securities exchange or a registered securities association.

(b) Each member or member organization shall not effect a delivery-versus-payment or receipt-versus-payment transaction in a depository eligible security with a customer unless the transaction is settled by book-entry using the facilities of a securities depository.

(c) For purposes of this rule, the term ‘securities depository’ shall mean a securities depository registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934.

(d) The term ‘depository eligible securities’ shall mean securities that (i) are part of an issue (securities identified by a single CUSIP number) of securities that is eligible for deposit at a securities depository and (ii) with respect to a particular transaction, are eligible for book-entry transfer at the depository at the time of settlement of the transaction.

(e) This rule shall not apply to transactions that are settled outside of the United States.

(f) The requirements of this rule shall supersede any inconsistent requirements under other Exchange rules.

(g) This rule shall not apply to any transaction where the securities to be delivered in settlement of the transaction are not on deposit at a securities depository and:

(i) if the transaction is for same-day settlement, the deliverer cannot by reasonable efforts deposit the securities in a securities depository prior to the cut-off time established by the depository for same-day crediting of deposited securities, or

(ii) the deliverer cannot by reasonable efforts deposit the securities in a depository prior to a cut-off date established by the depository for that issue of securities.

* * * * *

Depository Eligibility

Rule 227 – NYSE Alternext Equities. Before any issue of securities of an issuer is listed on the Exchange, the Exchange shall have received a representation from the issuer that a CUSIP number identifying the securities has been included in the file of eligible issues maintained by a securities depository registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934 (‘securities depository’ or ‘securities depositories’), except that this Rule shall not apply to a security if the terms of the security do not and cannot be reasonably modified to meet the criteria for depository eligibility at all securities depositories.

Forms Approved by the Exchange (Forms 1—16.(b))

(For Use in Conjunction with Rules 175 – NYSE Alternext Equities-225 – NYSE Alternext Equities)

1. Power of Substitution

POWER OF SUBSTITUTION TO BE USED WHEN ATTORNEY HAS BEEN DESIGNATED IN AN ASSIGNMENT.

‘I (or we) hereby irrevocably constitute and appointmy (or our) substitute to transfer the within named security under the foregoing Power of Attorney, with like Power of Substitution.’

Dated

.....

2. Assignment Separate from Certificate.

For value receivedhereby sell, assign and transfer unto() Shares of theCapital Stock of thestanding inname on the books of saidrepresented by Certificate No. herewith and do hereby irrevocably constitute and appointattorney to transfer the said stock on the books of the within named Company with full Power of Substitution in the premises.

Dated

.....

3. Assignment Separate from Bond.

For value receivedhereby sell, assign and transfer untoone bond of thefor(\$ _____), No.herewith, standing inname on the books of saidand do hereby irrevocably constitute and appointattorney to transfer the said bond on the books of the within named Company, with full Power of Substitution in the premises.

Dated

.....

4. Acknowledgment—When Assignment on a Certificate is Executed by an Individual.

State of)

ss.

County of)

On thisday of20 before me a Notary Public for the County ofpersonally appearedto me known, and known to me to be the individual named in the within Certificate, and who executed the foregoing Assignment and Power of Attorney, and acknowledged to me that he executed the same.

[SEAL]

.....
.....

5. Acknowledgment—When Power of Substitution is Executed by an Individual.

State of)

ss.

County of)

On thisday of20 before me a Notary Public for the County ofpersonally appearedto me known, and known to me to be the individual named in the foregoing Power of Attorney and who executed the foregoing Power of Substitution, dated19., and acknowledged to me that he executed the same.

[SEAL]

.....
.....

6(a). Acknowledgment—When Assignment on a Certificate is Executed by a Firm.

State of)

ss.

County of)

On thisday of20___, before me a Notary Public for the County ofpersonally appearedto me known, and known to me to be a member of (or authorized to sign under a Power of Attorney filed with NYSE Alternext US LLC for) the firm ofnamed in the within certificate, and who executed the foregoing Assignment and Power of Attorney, and acknowledged to me that he executed the same as the act and deed of said firm.

[SEAL]

.....
.....

Note.—If used for a firm that has ceased to exist, omit the word ‘be’ in third line and substitute the words ‘have been on20___.’

6(b). Acknowledgment—When Assignment on a Certificate is Executed by a Firm by Mechanically Reproduced Facsimile Signature.

State of)

ss.

County of)

On thisday of20___, before me a Notary Public for the County ofpersonally appearedto me known, and known to me to be a member of the firm ofnamed in the within certificate, and acknowledged to me that the foregoing Assignment and Power of Attorney was executed by the duly adopted mechanically reproduced facsimile signature of said firm as the act and deed of said firm.

[SEAL]

.....
.....

Note.—If used for a firm that has ceased to exist, omit the word ‘be’ in third line and substitute the words ‘have been on19..’

7(a). Acknowledgment—When Power of Substitution is Executed by a Firm.

State of)

ss.

County of)

On thisday of20.., before me a Notary Public for the County ofpersonally appearedto me known, and known to me to be a member of (or authorized to sign under a power of attorney filed with NYSE Alternext US LLC for) the firm ofnamed in the foregoing Power of Attorney, and who executed the foregoing Power of Substitution, dated19., and acknowledged to me that he executed the same as the act and deed of said firm.

[SEAL]

.....
.....

Note.—If used for a firm that has ceased to exist, omit the word ‘be’ in third line and substitute the words ‘have been on20 ..’

7(b). Acknowledgment—When Power of Substitution is Executed by a Firm by Mechanically Reproduced Facsimile Signature.

State of)

ss.

County of)

On thisday of20.., before me a Notary Public for the County ofpersonally appearedto me known, and known to me to be a member of the firm ofnamed in the foregoing Power of Attorney, and acknowledged to me that the foregoing Power of Substitution, dated19, .., was executed by the duly adopted mechanically reproduced facsimile signature of said firm as the act and deed of said firm.

[SEAL]

.....
.....

Note.—If used for a firm that has ceased to exist, omit the word ‘be’ in third line and substitute the words ‘have been on20 ..’

8. Acknowledgment—For Wife and Husband for Assignment on a Certificate in Name of a Married Woman.

State of)

ss.

County of)

On this day of 20 , before me a Notary Public for the County of personally appeared , and her husband, both of them known to me, and they severally acknowledged that they executed the foregoing Assignment and Power of Attorney, for the purpose therein mentioned.

[SEAL]

11. Acknowledgment—When Separate Assignment is Executed by an Individual.

State of)

ss.

County of)

On this day of 20 , before me a Notary Public for the County of personally appeared to me known, and known to me to be the individual named in the annexed Certificate of Stock (or Bond) and who executed the foregoing Assignment and Power of Attorney, and acknowledged to me that he executed the same.

[SEAL]

12(a). Acknowledgment—When Separate Assignment is Executed by a Firm.

State of)

ss.

County of)

On this day of 20 , before me a Notary Public for the County of personally appeared to me known, and known to me to be a member of (or authorized to sign under a power of attorney filed with NYSE Alternext US LLC for) the firm of named in the annexed Certificate of Stock (or Bond) and who executed the foregoing Assignment and Power of Attorney, and acknowledged that he executed the same as the act and deed of said firm.

[SEAL]

Note.—If used for a firm that has ceased to exist, omit the word ‘be’ in the third line and substitute the words ‘have been on 20 .’

12(b). Acknowledgment—When Separate Assignment is Executed by a Firm by Mechanically Reproduced Facsimile Signature.

State of)

ss.

County of)

On this day of 20 , before me a Notary Public for the County of personally appeared to me known, and known to me to be a member of the firm of named in the annexed Certificate of Stock (*or Bond*) and acknowledged to me that the foregoing Assignment and Power of Attorney was executed by the duly adopted mechanically reproduced facsimile signature of said firm as the act and deed of said firm.

[SEAL]

Note.—If used for a firm that has ceased to exist, omit the word ‘be’ in third line and substitute the words ‘have been on 20 .’

13. Acknowledgment—For an Individual. (Cancellation of Assignment.)

State of)

ss.

County of)

On this day of 20 , before me a Notary Public for the County of personally appeared to me known, and known to me to be the individual described in and who executed the above Instrument, and acknowledged to me that he executed the same.

[SEAL]

14. Acknowledgment—For a Firm. (Cancellation of Assignment.)

State of)

ss.

County of)

On this day of 20 , before me a Notary Public for the County of personally appeared to me known, and known to me to be a member of the

firm of _____ described in and who executed the above Instrument, and acknowledged to me that he executed the same as the act and deed of said firm.

[SEAL]

Note.—If used for a firm that has ceased to exist, omit the word ‘be’ in the third line and substitute the words ‘have been on _____ 20 _____.’

15(a). Acknowledgment—When Assignment or Power of Substitution is Executed by a Member Corporation.

State of _____)

ss.

County of _____)

On this _____ day of _____, 20____, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that he resides at _____ in _____; that he is _____ of _____, the corporation described in and which executed the foregoing instrument, that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

[SEAL]

** If the corporation has no corporate seal, omit the words after the asterisk and substitute therefor the following: ‘that he signed his name thereto by order of the Board of Directors of said corporation; and that the reason why no seal is affixed to said instrument is because the corporation had no seal.’*

Note.—If used for a corporation that has ceased to exist, omit the word ‘is’ in the fifth line and substitute the word ‘was on _____, 20_____.’

15(b). Acknowledgment—When Assignment or Power of Substitution is Executed by a Member Corporation by Mechanically Reproduced Facsimile Signature.

State of _____)

ss.

County of)

On this day of , 20 , before me personally came , to me known, who, being by me duly sworn, did depose and say that he resides at in ; that he is of , the corporation described in and which executed the foregoing instrument; * that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that the duly adopted, mechanically reproduced facsimile of his signature was affixed thereto by like order.

[SEAL]

.....
.....

**If the corporation has no corporate seal, omit the words after the asterisk and substitute therefor the following: 'that the facsimile of his signature was affixed thereto by order of the Board of Directors of said corporation; and that the reason why no seal is affixed to said instrument is because the corporation had no seal.'*

Note.—If used for a corporation that has ceased to exist, omit the word 'is' in the fifth line and substitute the words 'was on , 20 .'

16(a). Affidavit by a Member Firm as Holder of Security in Name of Insolvent.

State of)

ss.

County of)

being duly sworn, deposes and says: that he resides at ; that he is a member of the firm of ; that shares of the , stock of represented by certificate number were purchased by my said firm for value on , without notice of the insolvency of and prior to the appointment of a Receiver for in whose name said certificate is registered and by whom said certificate was endorsed and that said shares were not received by my said firm in payment of an antecedent indebtedness.

Sworn to before
me this (

.....day of

....., 20.....

)

[SEAL]

Note.—If used for a power of substitution executed by an insolvent, substitute the words ‘who executed the foregoing Power of Substitution, dated _____, 20____,’ for the words in the eighth and ninth lines reading ‘in whose name said certificate is registered and by whom said certificate was endorsed.’

16(b). Affidavit by a Member Corporation as Holder of Security in Name of Insolvent.

State of)

ss.

County of)

_____ being duly sworn, deposes and says: that he resides at _____; that he is an officer, to wit _____ of a corporation (hereinafter called the ‘Corporation’); that _____ shares of the stock of _____ represented by certificate number _____ were purchased by the Corporation for value on _____ without notice of the insolvency of and prior to the appointment of a Receiver for _____ in whose name said certificate is registered and by whom said certificate was endorsed and that said shares were not received by the Corporation in payment of an antecedent indebtedness.

Sworn to before
me this _____

(

.....day of

....., 20____

) _____

[SEAL]

Note.—If used for a power of substitution executed by an insolvent, substitute the words ‘who executed the foregoing Power of Substitution, dated _____, 20____,’ for the words in the ninth and tenth lines reading ‘in whose name said certificate is registered and by whom said certificate was endorsed.’

* * * * *

Rules 228 – NYSE Alternext Equities - 234 – NYSE Alternext Equities. Reserved.

* * * * *

Dividends, Interest, Rights, etc. (Rules 235 – NYSE Alternext Equities—251 – NYSE Alternext Equities)

* * * * *

Ex-Dividend, Ex-Rights

Rule 235 – NYSE Alternext Equities. Transactions in stocks (except those made for ‘cash’) shall be ex-dividend or ex-rights on the second business day preceding the record date fixed by the corporation or the date of the closing of transfer books. Should such record date or such closing of transfer books occur upon a day other than a business day, this Rule shall apply for the third preceding business day.

Transactions in stocks made for ‘cash’ shall be ex-dividend or ex-rights on the business day following said record date or date of closing of transfer books.

The Exchange may, however, in any specific case, direct otherwise.

* * * * *

Ex-Warrants

Rule 236 – NYSE Alternext Equities. Transactions in securities which have subscription warrants attached (except those made for ‘cash’) shall be ex-warrants on the second business day preceding the date of expiration of the warrants, except that when the date of expiration occurs on a day other than a business day, said transactions shall be ex-warrants on the third business day preceding said date of expiration.

Transactions in securities made for ‘cash’ shall be ex-warrants on the business day following the date of expiration of the warrants.

The Exchange may, however, in any specific case, direct otherwise.

* * * * *

Buyer Entitled to Dividends, etc.

Rule 237 – NYSE Alternext Equities. Unless otherwise agreed, the buyer shall be entitled to receive all dividends, rights and privileges, except voting power, accruing upon securities purchased which are ex-dividend or ex-rights during the pendency of the contract.

* * * * *

Charge for Delivery of Dividends or Rights

Rule 238 – NYSE Alternext Equities. For the delivery of stock dividends or rights or for the payment of cash dividends pertaining to securities which the holder has failed to transfer, a charge of not exceeding one per cent of such payment or of the value of such stock dividends or rights delivered may be made by the party making such delivery or payment, except by mutual consent of the parties involved. For stock or scrip dividends or rights the charge shall be computed on the fair market value thereof on the record date or date of closing of transfer books.

No charge shall be made for collecting dividends or rights accruing on securities deliverable on a contract.

* * * * *

Claims for Dividends, Rights, etc.

Rule 239 – NYSE Alternext Equities. When the owner of a registered security claims dividends, interest, rights, etc., from the party in whose name the security is registered, the registered holder thereof may require from the claimant presentation of the certificate or bond, a written statement that he was the holder of the security at the time of the closing of the books, a guarantee against any future demand for the same and the privilege to record on the certificate or bond evidence of the payment by cash or due-bill.

* * * * *

Excess Rights

Rule 240 – NYSE Alternext Equities. In cases where members or member organizations on the last day for subscription have more rights to subscribe than they or their customers appear to be entitled to in accordance with the records of the members or member organizations, the excess amount of rights shall be sold in the best available market and the proceeds of such sales shall be held subject to the claims of the persons entitled to such rights to subscribe.

* * * * *

Interest—Added to Contract Price

Rule 241 – NYSE Alternext Equities. Unless otherwise directed by the Exchange, in settlement of contracts in bonds dealt in “and interest” there shall be added to the contract price interest on the principal amount at the rate specified in the bond, which shall be computed up to but not including the day on which delivery is due, except that in the case of contracts made “seller’s

option,” such interest shall be computed only up to but not including the day when delivery would have been due if the contract had been made “regular way.”

* * * * *

Computation of Elapsed Days

Rule 242 – NYSE Alternext Equities. The amount of interest deemed to have accrued on contracts in accordance with Rule 241 – NYSE Alternext Equities shall be:

- (1) on bonds (except bonds issued or guaranteed by the United States Government), that portion of the interest on the bonds for a full year, computed for the number of days elapsed since the previous interest date on the basis of a 360-day-year. Each calendar month shall be considered to be 1/12 of 360 days, or 30 days, and each period from a date in one month to the same date in the following month shall be considered to be 30 days.
- (2) on bonds issued or guaranteed by the United States Government, that portion of the interest on the bonds for the current full interest period, computed for the actual number of days elapsed since the previous interest date on the basis of actual number of calendar days in the current full interest period. The actual elapsed days in each calendar month shall be used in determining the number of days in a period.

••• Supplementary Material

.10 Computation of elapsed days.—The following tables are given to illustrate the method of computing the number of elapsed days in conformity with Rule 242 – NYSE Alternext Equities, above:

On bonds (except bonds issued or guaranteed by the United States Government):

From 1st to 30th of the same month to be figured as 29 days

From 1st to 31st of the same month to be figured as 30 days

From 1st to 1st of the following month to be figured as 30 days.

Where interest is payable on 30th or 31st of the month:

From 30th or 31st to 1st of the following month to be figured as 1 day

From 30th or 31st to 30th of the following month to be figured as 30 days

From 30th or 31st to 31st of the following month to be figured as 30 days

From 30th or 31st to 1st of second following month, figured as 1 month, 1 day.

On bonds issued or guaranteed by the United States Government:

From 15th of a 28-day month to the 15th of the following month is 28 days

From 15th of a 30-day month to the 15th of the following month is 30 days

From 15th of a 31-day month to the 15th of the following month is 31 days.

The six months' interest period ending:

January 15 is 184 days

July 15 is 181* days

February 15 is 184 days

August 15 is 181* days

March 15 is 181* days

September 15 is 184 days

April 15 is 182* days

October 15 is 183 days

May 15 is 181* days

November 15 is 184 days

June 15 is 182* days

December 15 is 183 days

*Leap Year adds 1 day to this period.

* * * * *

Interest Computation—Fractions

Rule 243 – NYSE Alternext Equities. In all transactions involving the payment of interest, fractions of a cent equaling or exceeding five mills shall be regarded as one cent; fractions of a cent less than five mills shall be disregarded.

* * * * *

Bonds — ‘And Interest’ Dealings

Rule 244 – NYSE Alternext Equities. Bonds dealt in ‘and interest’ shall continues to be dealt in on that basis until the Exchange directs otherwise.

* * * * *

Income Bonds

Rule 245 – NYSE Alternext Equities. Income bonds, unless otherwise directed by the Exchange, shall be dealt in “flat.”

* * * * *

Past Due Coupons

Rule 246 – NYSE Alternext Equities. Bonds dealt in “flat” shall carry all past due and unpaid coupons, unless the Exchange directs otherwise.

* * * * *

Payment of Interest or Principal on Bonds Dealt “Flat”

Rule 247 – NYSE Alternext Equities. Bonds dealt in “flat” on which a payment of interest or principal is made shall be ex-interest or ex-principal as directed by the Exchange.

* * * * *

Registered Bonds “And Interest,” Due-Bills for Interest

Rule 248 – NYSE Alternext Equities. When registered bonds dealt in “and interest” are delivered between the record date fixed for the purpose of determining holders entitled to receive interest and the interest payment date, a due-bill, signed by the party in whose name the bond stands, or by a member or member organization, for the full amount of the interest to be paid by the obligor, shall accompany the bond until interest is paid.

* * * * *

Registered Bonds “Flat,” Due-Bills for Interest

Rule 249 – NYSE Alternext Equities. When registered bonds dealt in “flat” are delivered after the record date fixed for the purpose of determining holders entitled to receive an interest or principal payment, in settlement of a contract made prior to the date on which the issue of bonds is quoted “ex” by direction of the Exchange, a due-bill, signed by the party in whose name the bond is registered, or by a member or member organization, for the full amount of the interest or principal to be paid by the obligor, shall accompany the bonds.

The Exchange may, however, in any particular case, direct otherwise.

* * * * *

Deliveries On or After Interest Dates

Rule 250 – NYSE Alternext Equities. Bonds dealt in “and interest,” delivered on or after the date on which interest is due and payable, shall be without the coupons due on such date, with adjustment for the cash value of the coupons in determining the accrued interest payable as provided by Rule 241 – NYSE Alternext Equities.

* * * * *

Rule 251 – NYSE Alternext Equities – 254 – NYSE Alternext Equities. Reserved.

* * * * *

Due-Bills (Rules 255 – NYSE Alternext Equities—259 – NYSE Alternext Equities)

‘Due-Bill,’ ‘Due-Bill Check’ Defined

Rule 255 – NYSE Alternext Equities. (a) The term ‘due-bill,’ as used in the Rules, means an assignment or other instrument employed for the purpose of evidencing the transfer of title to any dividend, interest or rights pertaining to securities contracted for, or evidencing the obligation of a seller to deliver such dividend, interest or rights to a subsequent owner.

(b) The term ‘due-bill-check,’ as used in the Rules, means a due-bill in the form of a check payable on the date of payment of a cash dividend, which prior to such date shall be considered as a due-bill, as defined in paragraph (a), for the amount of such dividend.

* * * * *

Forms of Due-Bills

Rule 256 – NYSE Alternext Equities. Due-bills shall be in form approved by the Exchange except that with specific permission of the Exchange certificates of less than the unit of trading issued after the record date, in the names of members or member organizations, may be accompanied by a special form of odd-lot due-bill.

* * * * *

Deliveries After 'Ex' Date

Rule 257 – NYSE Alternext Equities. When a security is sold before it is ex-dividend or ex-rights, or is sold thereafter to and including the record date for 'cash,' and delivery is made too late to enable the buyer to obtain transfer in time to become a holder of record to receive the distribution to be made with respect to such security, the seller shall pay or deliver the distribution to the buyer in the following manner, unless otherwise directed by the Exchange:

- (1) In the case of stock dividends or rights to subscribe, the seller shall deliver to the buyer, within three days after the record date, either the dividend or rights, or a due-bill for such dividend or rights.
- (2) In the case of cash dividends, the seller shall deliver to the buyer, within three days after the record date, a due-bill-check for the amount of the dividend.

The same principle shall apply to the return of loans of securities after the record date.

* * * * *

Due-Bills—Guaranty

Rule 258 – NYSE Alternext Equities. A due-bill which is used pursuant to specific direction of the Exchange shall be signed by the holder of record entitled to receive the distribution from the issuer of the security. The signature shall correspond with the name on the face of the security to which the due-bill is attached. When executed by a non-member, it shall be guaranteed in the same manner as assignments of securities.

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Due-Bills—Redemption

Rule 259 – NYSE Alternext Equities. When, by direction of the Exchange, a security is not ex-dividend or ex-rights, as the case may be, on the date such event should ordinarily take place, and due-bills are required to accompany deliveries, the due-bills shall be redeemable on the date fixed by the Exchange.

When due-bills are used without specific direction of the Exchange, by reason of deliveries made too late to allow purchasers who are entitled to dividends or rights to effect a transfer of the securities, or otherwise, the due-bills shall be redeemable on the date of payment or distribution of the dividend or rights, except that in the case of rights to subscribe which are admitted to dealings on the Exchange on a 'when issued' basis, such due-bills shall be redeemable on the date fixed by the Exchange for settlement of 'when issued' contracts in the rights.

When due-bills are used on deliveries of registered bonds pursuant to Rules 248 – NYSE Alternext Equities and 249 – NYSE Alternext Equities, the due-bills shall be redeemable on the date of payment of the interest, except that in the case of registered bonds dealt in "flat," which are delivered after the date on which the issue of bonds is declared ex-interest by the Exchange, such due-bills shall be redeemable on the date when delivery of the bonds is made, or on the date of payment of the interest, whichever is later.

Due-bills shall be redeemed by the members or member organizations by whom they are signed or guaranteed.

(For Use in Conjunction with Rules 255 – NYSE Alternext Equities-259 – NYSE Alternext Equities.)

Forms Approved by the Exchange Forms (Forms 17—22)

17. Due-Bill for Cash Dividend.

FOR VALUE RECEIVED, the undersigned, holder of record at the close of business on _____, of _____ (_____) shares of _____ Stock of _____, represented by Certificate No. _____, hereby assigns, transfers and sets over unto _____ the cash dividend of _____ (\$ _____) to which the undersigned is entitled.

Dated _____

18. Due-Bill for Stock Dividend.

FOR VALUE RECEIVED, the undersigned, holder of record at the close of business on _____, of _____ (_____) shares of _____ Stock of _____, represented by Certificate No. _____, hereby assigns, transfers and sets over unto _____ the _____ (_____) shares of _____ Stock of _____ to which the undersigned is entitled as a stock dividend, and hereby irrevocably constitutes and appoints _____ attorney to transfer the shares representing said stock dividend on the books of said corporation with full powers of substitution in the premises.

Dated _____

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19. Due-Bill for Stock Distribution

FOR VALUE RECEIVED, the undersigned, holder of record at the close of business on _____, of _____ () shares of _____ Stock of _____, represented by Certificate No. _____, hereby assigns, transfers and sets over unto _____

_____ the _____ () shares of _____ Stock of _____ to which the undersigned is entitled as a stock distribution, and hereby irrevocably constitutes and appoints _____ attorney to transfer the shares representing said stock distribution on the books of said corporation with full powers of substitution in the premises.

Dated _____

20. Due-Bill for Rights.

FOR VALUE RECEIVED, the undersigned, holder of record at the close of business on _____, of _____ () shares of _____ Stock of _____, represented by Certificate No. _____, hereby assigns, transfers and sets over unto _____

_____ the warrant and/or fractional warrant to which the undersigned is or may be entitled, evidencing _____ the _____ Right _____ to _____ Subscribe _____ for _____

Dated _____

.....

21. Reserved

22. Due-Bill for Odd-Lots.

Due Bearer the _____ dividend declared by the
 _____ to stockholders of record of _____ on
 _____ () shares of _____ their
 _____ stock.

Dated _____

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Rules 260 – NYSE Alternext Equities - 264 – NYSE Alternext Equities. Reserved.

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Reclamations (Rules 265 – NYSE Alternext Equities—275 – NYSE Alternext Equities)

‘Reclamation’ Defined

Rule 265 – NYSE Alternext Equities. The term ‘reclamation,’ as used in Rules 266 – NYSE Alternext Equities to 274 – NYSE Alternext Equities, inclusive, means a claim for the right to return, or to demand the return of, securities previously delivered and accepted.

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Time for Return

Rule 266 – NYSE Alternext Equities. A security with an irregularity which has been delivered may be returned or reclaimed on the day of delivery up to 2:00 p.m. On a subsequent business day, delivery on reclamation shall be made by final delivery time on such day.

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Returns Replaced Immediately

Rule 267 – NYSE Alternext Equities. When a security is returned or reclaimed, the party who delivered it shall immediately either give the party presenting it the security in proper form for delivery in exchange for the security originally delivered or pay the current market value therefor.

In the latter case, unless otherwise agreed, the party to whom the security is returned shall be deemed to be failing to deliver the security.

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Within 10 Days—Currency, in Market

Rule 268 – NYSE Alternext Equities. Reclamation for an irregularity which affects only the currency of the security in the market shall be made within ten days from the day of original delivery.

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Rule 269 – NYSE Alternext Equities. Reclamation on bonds bearing endorsements referred to in Rules 221 – NYSE Alternext Equities and 222 – NYSE Alternext Equities shall be made within ten days from the day of original delivery.

* * * * *

Exchangeable Certificates

Rule 270 – NYSE Alternext Equities. Reclamation, by reason of the fact that a form of certificate was delivered which was not a proper delivery, but which is exchangeable without charge for a certificate which is a delivery, shall be made within ten days from the day of original delivery.

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Without Limit—Wrong Security

Rule 271 – NYSE Alternext Equities. Reclamation, by reason of the fact that the wrong security was delivered, may be made without limit of time.

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Lost or Stolen—Title Questioned

Rule 272 – NYSE Alternext Equities. Reclamation, by reason of the fact: (1) That title to a security is called in question, or (2) that a security is reported to have been lost or stolen, or (3) that the transfer or payment of a security is prohibited or restricted by law or governmental authority, may be made without limit of time, and such security may be returned to the party who introduced it into the market.

* * * * *

Partial Call

Rule 273 – NYSE Alternext Equities. Reclamation, by reason of the fact that a called security was delivered, which was not a delivery under the provisions of Rule 217 – NYSE Alternext Equities, may be made without limit of time and such security may be returned to the party who held it at the time such security ceased to be a delivery.

(Note: This Rule does not apply when an entire issue is called for redemption or when the securities involved were dealt in specifically as called securities.)

* * * * *

Rule 274 – NYSE Alternext Equities. Reserved.

Special Cases

Rule 275 – NYSE Alternext Equities. Notwithstanding the provisions of Rules 265 – NYSE Alternext Equities to 274 – NYSE Alternext Equities, inclusive, where there are equitable considerations, the Exchange may in particular cases direct otherwise, and may also issue special directions in circumstances not specifically covered by such Rules.

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Rules 276 – NYSE Alternext Equities - 279 – NYSE Alternext Equities. Reserved.

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Closing Contracts (Rules 280 – NYSE Alternext Equities—295 – NYSE Alternext Equities)

Disagreement on Contract

Rule 280 – NYSE Alternext Equities. When a disagreement between members or member organizations arising from a transaction in securities is discovered, the money difference shall forthwith be established by purchase or sale or by mutual agreement.

* * * * *

Contracts of Suspended Parties

Rule 281 – NYSE Alternext Equities. When an announcement is made of the suspension of a member or member organization, members or member organizations having contracts with the suspended member or member organization for the purchase, sale or loan of securities shall, without unnecessary delay, proceed to close such contracts on the Exchange or in the best available market, except in so far as the rules of a Qualified Clearing Agency are applicable and provide the method of closing; provided, however, that upon any such suspension, the Board may, in its discretion, suspend the mandatory close-out provisions of this rule and may, in its discretion, reinstate such provisions at such time as it may determine.

Should such a contract not be closed when required to be closed by this Rule, the price of settlement shall be fixed by the fair market value at the time when such contract should have been closed under this Rule.

* * * * *

Buy-in Procedures

Rule 282 – NYSE Alternext Equities. A contract in securities, except a contract where its close-out is governed by the rules of a Qualified Clearing Agency, which has not been completed by the seller in accordance with its terms, may be closed-out by the buyer (i.e., the initiating member organization) no sooner than three business days after the due date for delivery, pursuant to the following procedures:

(a) An initiating member organization (buyer) may deliver a written ‘buy-in’ notice to the defaulting member organization at or before 12:00 noon ET at least two business days before the proposed execution of a ‘buy-in’ (the buy-in execution date shall be referred to as the ‘effective date’ of the notice). Receipt of delivery to the defaulting member organization, must be maintained with the notice as part of the initiating member organization’s books and records.

(b) The defaulting member organization receiving the ‘buy-in’ notice must send a signed, written response to the initiating organization stating its position with respect to the resolution of

the item no later than 5:00 p.m. ET on the date of issuance of the 'buy-in' notice (the 'buy-in' notice date).

(c) If the 'buy-in' notice has not been returned by 5:00 p.m. ET on the 'buy-in' notice date, or the 'buy-in' notice is returned as 'DK'd,' or the 'buy-in' notice is returned with the indication that the contract is known but that delivery cannot be made, a 'buy-in' shall be executed on the 'effective date' by the initiating member organization by purchasing all or part of the securities necessary to satisfy the amount requested in the 'buy-in' notice.

(d) Where the buyer is a customer (other than another member organization), upon failure of a defaulting member organization to effect delivery in accordance with a 'buy-in' notice, the contract may be closed-out by purchasing for 'cash' in the best available market, or at the option of the initiating member organization, for guaranteed delivery for all or any part of the securities necessary to complete the contract. 'Buy-ins' executed in accordance with this paragraph shall be for the account and risk of the defaulting member organization.

(e) Every 'buy-in' notice shall state the date of the contract to be closed, the quantity and the contract price of the securities covered by said contract, the settlement date of said contract and any other information deemed necessary to properly identify the contract to be closed. Such notice shall state further that 'unless delivery of the underlying securities is effected at or before 3:00 p.m. ET on the 'effective date' of the 'buy-in' notice, the security may be 'bought in' on the date specified for the account of the initiating member organization.' Each 'buy-in' notice shall also state the name and telephone number of the individual authorized to pursue further discussions concerning the 'buy-in.'

(f) Securities delivered subsequent to the receipt of the 'buy-in' notice should be considered as received pursuant to the 'buy-in' notice. Delivery of the requisite number of shares, as stated in the 'buy-in' notice, or execution of the 'buy-in' will also operate to close-out all contracts covered under re-transmitted notices of 'buy-ins' issued pursuant to the original notice of 'buy-in,' pursuant to Rule 285 – NYSE Alternext Equities. If a re-transmitted 'buy-in' is executed, it will operate to close-out all contracts covered under the re-transmitted notice. A 'buy-in' may be executed by the initiating member organization from its long position and/or from customers' accounts maintained with such member organization.

(g) Prior to the closing of a contract on which a 'buy-in' notice has been given, the initiating member organization shall accept any portion of the securities called for by the contract, provided the portion remaining undelivered at the time the initiating member organization proposes to execute the 'buy-in' is not an amount which includes an odd-lot which was not part of the original transaction.

(h) The initiating member organization executing the 'buy-in' shall immediately upon execution, but no later than 5:00 p.m. ET, notify the defaulting member organization as to the quantity purchased and the price paid. Such notification shall be in written or electronic form having contemporaneous receipt capabilities, or if not available, the telephone shall be used for the purpose of same day notification, provided that written or similar electronic notification having next day receipt capabilities must also be sent out simultaneously. In either case, formal

confirmation of purchase along with a billing or payment, as appropriate, should be forwarded as promptly as possible after the execution of the ‘buy-in.’

(i) In situations where securities have been delivered by the defaulting member organization after the ‘buy-in’ order was placed, the securities may be returned if the ‘buy-in’ was executed before it could reasonably be cancelled by the initiating member organization.

(j) For purposes of this Rule, written notice shall include an electronic notice through a medium that provides contemporaneous return receipt capability. Such electronic media shall include but not be limited to facsimile transmission, a computerized network facility, or the electronic functionality of a Qualified Clearing Agency, etc.

••• Supplementary Material:

.10 Members and member organizations are obligated to comply with the close-out provisions of Regulation SHO, promulgated under the Securities Exchange Act of 1934. Specifically, Exchange ‘buy-in’ rules (i.e., Rules 282 – NYSE Alternext Equities, 283 – NYSE Alternext Equities, 285 – NYSE Alternext Equities, 286 – NYSE Alternext Equities, 287 – NYSE Alternext Equities, 288 – NYSE Alternext Equities, 289 – NYSE Alternext Equities, 290 – NYSE Alternext Equities, 291 – NYSE Alternext Equities, 292 – NYSE Alternext Equities, 293 – NYSE Alternext Equities, and 294 – NYSE Alternext Equities) do not abrogate a member’s or a member organization’s responsibilities or obligations to comply with Regulation SHO, and the close-out provisions of Rule 203 (b)(3).

* * * * *

Members Closing Contracts—Procedure

Rule 283 – NYSE Alternext Equities. When Rule 140 – NYSE Alternext Equities permits the closing of a contract, an original party to the contract may close it, provided that notice, either written or oral, shall have been given to the other original party at least thirty minutes before such closing. If a member or member organization given up by an original party to a contract has been advised that the other party to the contract does not recognize it, or if the other party to the contract neglects or refuses to exchange written contracts, he or it shall promptly notify the original party who acted for him or it, who may then close the contract as herein provided.

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Rule 284 – NYSE Alternext Equities. Reserved.

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Notice of Intention to Successive Parties

Rule 285 – NYSE Alternext Equities. Every member or member organization receiving notice that a contract is to be closed for his or its account because of nondelivery including a notice pursuant to the rules of a Qualified Clearing Agency than an obligation of the member or member organization to deliver securities to the Clearing Agency or under its rules is to be closed-out for his or its own account shall immediately re-transmit notice thereof to any other member or member organization from whom the securities involved are due. Every such re-transmitted notice shall be in writing and shall be delivered at the office of the member or member organization to whom it is addressed; it shall state the date of the contract upon which the securities are due from such member or member organization, and the name of the member or member organization who has given the original notice to close.

* * * * *

Closing Portion of Contract

Rule 286 – NYSE Alternext Equities. When notice of intention to close a contract, or re-transmitted notice thereof, is given for less than the full amount due, it shall be for not less than one trading unit.

* * * * *

Liability of Succeeding Parties

Rule 287 – NYSE Alternext Equities. The closing of a contract pursuant to the Rules of the Exchange or pursuant to the rules of a Qualified Clearing Agency shall be for the account and liability of each succeeding party in interest in such contract, and, in case notice that such contract will be closed has been re-transmitted, as provided in Rule 285 – NYSE Alternext Equities, such closing shall also automatically close all contracts with respect to which such re-transmitted notice shall have been delivered prior to the closing.

Re-establishment of contract

If such re-transmitted notice is sent by a member or member organization before the contract has been closed, but is not received until after such closing, the member or member organization who sent the same may, unless otherwise agreed, promptly re-establish, by a new sale, the contract with respect to which such notice has been sent.

Payment of money difference

Any money difference resulting from the closing of a contract, or from the re-establishment of a contract as herein provided, shall be paid not later than 3:00 p.m. on the following business day to the member or member organization entitled to receive the same.

* * * * *

Notice of Closing to Successive Parties

Rule 288 – NYSE Alternext Equities. When a contract other than a contract the close-out of which is governed by the rules of a Qualified Clearing Agency has been closed the member or member organization who closed the same, or who gave the order to close the same, shall immediately notify the member or member organization for whose account the contract was closed. The member or member organization receiving such a notification or receiving notification that a contract has been closed pursuant to the rules of a Qualified Clearing Agency shall immediately notify each succeeding party in interest and other members or member organizations to whom re-transmitted notice, as provided for in Rule 285 – NYSE Alternext Equities, has been sent. Statements of resulting money differences, if any, shall also be rendered immediately.

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Must Receive Delivery

Rule 289 – NYSE Alternext Equities. When a member or member organization has delivered a buy-in notice pursuant to Rule 282 – NYSE Alternext Equities, or has re-transmitted notice thereof as provided in Rule 285 – NYSE Alternext Equities, the initiating member organization must receive and pay for those securities subject to the buy-in notice if tendered prior to the buy-in of such contract.

If the person who, pursuant to Rule 282 – NYSE Alternext Equities, is notified prior to the buy-in by a defaulting member or member organization that some or all of the securities (but not less than one trading unit) are in his or its physical possession and will be promptly delivered, then the order to buy-in shall not be executed with respect to such securities, and the initiating member or member organization who has given the original order to buy-in shall accept and pay for such securities, if tendered promptly.

Damages for non-delivery

If such securities are not promptly tendered, the defaulting member or member organization who has stated that they would be promptly delivered shall be liable for any resulting damages.

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Defaulting Party May Deliver After ‘Buy-In’ Notice

Rule 290 – NYSE Alternext Equities. A defaulting member or member organization (seller) who has received a ‘buy-in’ notice, pursuant to Rule 282 – NYSE Alternext Equities, or re-transmitted notice thereof, may deliver the securities to the initiating member or member organization (buyer) issuing such notice up to 3:00 p.m. ET. The defaulting member organization

may deliver such securities after 3:00 p.m. ET on the 'effective date' of the buy-in notice if: (i) agreed to by the initiating member organization, (ii) before the execution of the order and (iii) when the defaulting member organization has physical possession of the securities.

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Failure to Fulfill Closing Contract

Rule 291 – NYSE Alternext Equities. When a contract is closed, any member or member organization accepting the bid or offer, and not complying promptly therewith, shall be liable for any damages resulting therefrom.

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Restrictions on Members' Participation in Transaction to Close Defaulted Contracts

Rule 292 – NYSE Alternext Equities. No member or member organization, who for his or its own account has given an order to close a contract because of non-delivery, shall fill the order by selling for his or its own account, either directly or through a broker, the securities named therein; and no member or member organization shall knowingly enable or permit any other person on whose behalf the order to close because of non-delivery has been issued to fill such order by selling for his own account the securities named therein. If a member or member organization has issued an order to close because of nondelivery and, acting for another principal, supplies the securities named therein, he or it must make delivery in accordance with the terms of the contract thus created, and may not by consent or otherwise fail to make such delivery. The member or member organization for whose account a contract is being closed, or any succeeding member or member organization in interest, or any member or member organization to whom re-transmitted notice has been sent, shall not accept the bid or offer, unless such member or member organization is acting for a principal other than the one for whose account the contract is being closed.

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Closing Contracts in Suspended Securities

Rule 293 – NYSE Alternext Equities. A contract, other than a contract governed by the rules of a Qualified Clearing Agency in securities which have been suspended from dealings on the Exchange, which has not been fulfilled according to the terms thereof may be closed in the best available market by the party thereto who is not in default.

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Default in Loan of Money

Rule 294 – NYSE Alternext Equities. When a loan of money is not paid before 2:15 p.m. of the day upon which it becomes due, the borrower shall be considered as in default and the lender may, without notice, sell the securities pledged therefor, or so much thereof as may be necessary to liquidate the loan.

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Rule 295 – NYSE Alternext Equities. Reserved.

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Liquidation of Securities Loans and Borrowings (Rule 296 – NYSE Alternext Equities)

Liquidation of Securities Loans and Borrowings

Rule 296 – NYSE Alternext Equities. (a) Each member or member organization that is a party to an agreement with another member or member organization providing for the loan and borrowing of securities shall have the right to liquidate such transaction whenever the other party to such transaction

(1) applies for or consents to, or is the subject of an application for, the appointment of or the taking of possession by a receiver, custodian, trustee, or liquidator of itself or of all or a substantial part of its property,

(2) admits in writing its inability, or becomes generally unable, to pay its debts as such debts become due,

(3) makes a general assignment for the benefit of its creditors, or

(4) files, or has filed against it, a petition under Title 11 of the United States Code, or has filed against it an application for a protective decree under Section 5 of the Securities Investor Protection Act of 1970,

unless that right is stayed, avoided, or otherwise limited by an order authorized under the provisions of the Securities Investor Protection Act of 1970 or any statute administered by the Securities and Exchange Commission.

(b) No member or member organization shall lend or borrow any security to or from any non-member of the Exchange except pursuant to a written agreement, which may consist of the exchange of contract confirmations, that confers upon such member or member organization the contractual right to liquidate such transaction because of a condition of the kind specified in (a) above.

••• Supplementary Material:

.10 As used herein, an agreement for the loan and borrowing of securities shall mean a securities contract or other agreement, including related terms, for the transfer of securities against the transfer of funds, securities, or other collateral, with a simultaneous agreement by the transferee to transfer to the transferor against the transfer of funds, securities, or other collateral, upon notice, at a date certain, or upon demand, the same or substituted securities.

.20 Each member or member organization subject to the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 that borrows securities from a customer (as defined in said rule) shall comply with the provisions thereof relating to the requirements for a written agreement between the borrowing member or member organization and the lending customer.

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Rules 297 – NYSE Alternext Equities - 299 – NYSE Alternext Equities. Reserved.

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Miscellaneous Floor Procedure (Rules 297 – NYSE Alternext Equities—299C – NYSE Alternext Equities)

Civil Defense Alarm Procedure

••• Supplementary Material:

Rule 299A – NYSE Alternext Equities. .10 In the event of a Civil Defense alarm in New York City the following procedure will be followed:

(a) If an alarm is in effect at the time the Exchange would normally be opened, the opening will be postponed until after the public all clear signal.

(b) If an alarm is given during the time the Exchange is open for business, the Floor sirens will be sounded, which shall automatically terminate all trading on the Floor. An appropriate notice will be published on the tape.

(1) The termination of trading under the circumstances shall have the same effect on bids and offers as a closing of the Exchange.

(2) Upon such termination of trading all open agreements to ‘stop’ securities shall become effective. However, in the event that the alarm sounds after the opening of the Exchange, but prior to the time that a specialist is able (A) to establish a definite quotation in a stock, or (B) to arrange the opening price, the provisions of this paragraph shall not apply to market orders which have been accepted by the specialist before the opening of the Exchange for the purpose of arranging the opening. A specialist who has established a quotation in a stock shall ‘stop out’ such market orders

left with him before the opening of the Exchange, regardless of whether he has had the opportunity of informing the member who left such order with him that it was 'stopped' at a particular price.

(3) If trading is resumed the same day, bidding and offering on the Floor at the re-opening shall be conducted as at any other opening, but for other purposes a trading session so interrupted shall be regarded as a single session.

(c) All day orders shall be regarded as good for the entire day regardless of any interruption of trading.

(d) A period of at least 10 minutes will be allowed between the public all clear signal and the opening or re-opening.

It is contemplated that as soon as possible after the public all clear signal is given, necessary notices concerning procedure will be published on the tape, including the time of re-opening, the time of final closing, etc.

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New York State Stock Transfer Tax Exemption for a Governmental Entity or International Organization

••• Supplementary Material:

Rule 299B – NYSE Alternext Equities. .10 The Department of Taxation and Finance of the State of New York, in a communication dated June 1, 1967, stated that the New York Stock Transfer Tax Law had been amended by Chapter 301, Laws of 1967, so as to provide that where a sale or transfer of stock is made by a 'governmental entity' or 'international organization' which is exempt from the stock transfer tax, the transferee shall not be liable for the tax.

Prior to the enactment of the amendment, New York State and its municipalities were exempt from the stock transfer tax on account of their governmental character, the Federal Government and its agencies and its instrumentalities were held exempt on constitutional grounds, foreign governments were also held exempt on grounds of international comity, and certain international organizations were exempt by treaty. However, as subdivision 3 of section 270 of the Tax Law imposes liability for the tax not only on the vendor or transferor but also on the purchaser or transferee, unless these exempt governmental organizations agreed to pay the tax, they experienced difficulty in finding buyers because purchasers will buy from other vendors who do pay the tax and thereby save the purchasers from liability for it. This, in effect, deprived the exempt transferors of the exemption to which they were entitled.

The amendment does not exempt any governmental entity or international organization which was not previously exempt. Any particular entity or organization which claims exemption should request a ruling from the State Tax Commission on this point.

It should be noted that even though a particular entity or organization may itself be exempt from tax, its exemption does not necessarily extend to a pension fund or trust for its employees, particularly where operated by a board or trustees which constitutes a different and separate entity.

No formal certificate of exemption will be provided by regulation. However, a statement identifying the transaction as exempt under Section 270(3) as amended by Chapter 301, Laws of 1967, will be required.

* * * * *

The New York State Tax Commission also has ruled that transfers of stock from the name of an insolvent bank are subject to the payment of the New York stock transfer tax, regardless of whether the bank is a National or State bank. No conditions as to payment of tax need be made in a sale of this kind on the Floor. Such sales are not considered as special transactions and will be published on the tape.

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After-Hours Employment of Stock Exchange Employees

Rule 299C – NYSE Alternext Equities. *(See Rule 350.10 – NYSE Alternext Equities)*

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Admission of Members

(Rules 300 – NYSE Alternext Equities—324 – NYSE Alternext Equities)

Transfers of Memberships—Admissions of Members, Allied Members, etc. (Rule 300a – NYSE Alternext Equities—308 – NYSE Alternext Equities)

Trading Licenses

Rule 300 – NYSE Alternext Equities. (a) A trading license issued by the Exchange is required to effect transactions on the floor of the Exchange or through any facility thereof. An organization may acquire and hold a trading license only if and for so long as such organization is qualified and approved to be a member organization of the Exchange. A member organization holding a trading license may designate a natural person to effect transactions on its behalf on the floor of the Exchange, subject to such qualification and approvals as the Exchange may require. A trading license is not transferable and may not be, in whole or in part, transferred, assigned, sublicensed or leased; provided, however, that the holder of the trading license may, with the prior written consent of the Exchange, transfer a trading license to a qualified and approved member organization (i) which is an affiliate or (ii) which continues substantially the same business of such trading license holder without regard to the form of the transaction used to achieve such

continuation, e.g., merger, sale of substantially all assets, reincorporation, reorganization or the like.

(b) In each annual offering, up to 1366 trading licenses for the following calendar year will be sold annually at a price of \$40,000 or such other price as the Exchange may set per trading license.

(i) A member organization that holds a number of trading licenses in the current calendar year that wishes to maintain that same number of trading licenses in the following calendar year shall be presumed to have applied for that same number of trading licenses and will be charged by the Exchange the fixed price of \$40,000 or such other price as the Exchange may set per trading license pursuant to section (b) above, subject to the provisions of section (c) below.

(c) In each annual offering, the Exchange will limit the number of trading licenses that may be initially applied for by a single member organization to a number that is the greater of (i) 35 and (ii) 125% of the greatest number of trading licenses utilized by the member organization in its business during the current calendar year. If there are nonetheless more than 1366 trading licenses applied for in the offering, each member organization will be allocated a number of trading licenses equal to the lesser of the number it applied for in the offering and the number used in its business at any time during the current calendar year, and the additional trading licenses up to 1366 trading licenses will be distributed by lottery among the member organizations applying for them.

(d) Following the annual offering and at any time thereafter during the following calendar year, the Exchange shall sell additional trading licenses expiring at the end of the calendar year at a price of \$44,000 or such other price as the Exchange may set, pro rated to reflect the amount of time remaining in the year. The Exchange shall not sell additional trading licenses if such sale would cause the number of outstanding trading licenses to exceed 1366.

(e) A buyer of a trading license shall pay the Exchange the trading license fee in equal monthly installments in advance over the period during which the trading license is in effect. Prior to the commencement of the trading license, the holder shall pay to the Exchange the first monthly installment.

(f) Trading licenses shall expire at the end of the calendar year for which they are issued. Notwithstanding the foregoing, the holder of a trading license may terminate such trading license prior to the scheduled expiration of such trading license by providing at least 10 days' prior written notice to the Exchange of such termination. The termination will be effective at the end of the month following the end of such 10-day notice period.

(g) If a holder of a trading license shall cease to be a member organization of the Exchange for any reason, such holder shall be deemed to have terminated the trading license as of the last date of member organization status.

••• Supplementary Material:

.10T This Rule 300.10T shall apply to each NYSE Alternext US LLC member organization that (i) has been approved as a member organization of the Exchange pursuant to Rule 2.10 – NYSE Alternext Equities; (ii) was a holder of a valid 86 Trinity Permit as of the date of approval as

an Exchange member organization; and (iii) does not meet Exchange member organization qualifications under Exchange rules. Within six months of receiving a trading license issued by the Exchange under this Rule, such member organizations shall comply with all applicable Exchange membership requirements. If such a member organization fails to comply with applicable Exchange membership requirements by the expiration of the applicable grace period, such member organization shall not be entitled to effect transactions on the Floor of the Exchange, and the Exchange may commence proceedings consistent with its rules to revoke the membership of such member organization.

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Qualifications for Membership

Rule 301 – NYSE Alternext Equities. (a) Age.—An applicant for membership in the Exchange must be at least the minimum age of majority required to be responsible for his contracts in each jurisdiction in which the applicant conducts business.

(b) Application for membership.—In making application for membership, a candidate is required to sign a personal statement, on a form prescribed by the Exchange, giving, among other things, complete details as to business history. A candidate who will be active on the Floor will be required to arrange with the Medical Clinic located in the Exchange building for a physical examination. A candidate may also be required to present letters of recommendation from at least three responsible persons.

(c) Fingerprinting.—Every member and every applicant for membership is required to be fingerprinted through an agent acceptable to the Exchange and to submit, or cause to be submitted, a report of such fingerprinting for appropriate processing. No applicant who has not previously been fingerprinted shall be admitted to the Floor until the results of the foregoing fingerprinting have been posted to the Central Registration Depository, reviewed and approved by the Exchange. An applicant previously fingerprinted may receive conditional approval to be admitted to the Floor, pending review and approval of the foregoing fingerprint report, provided that such applicant was employed by a member or registered broker dealer within ninety days of the application.

Applicants whose fingerprint reports are deemed illegible pursuant to Rule 17f-2(a)(1)(iv) of the Exchange Act must submit an alternative background check acceptable to the Exchange covering the same factors as the fingerprint report. No applicant shall be admitted to the Floor until the results of the background check are reviewed and approved by the Exchange, provided that an applicant who has previously supplied an acceptable background check may receive conditional approval to go upon the Floor, pending review and approval of the new background check, and further provided that such applicant was employed by a member or registered broker dealer within ninety days of the application.

(d) Appearance of applicant.—An applicant for membership to the Exchange is required to appear personally at the time his application for membership is presented for consideration. The

Exchange will advise the applicant of the date of such appearance at the time arrangements are entered into for the proposed admission to membership.

(e) Miscellaneous Provisions

Floor Commissions

(1) All Floor commissions of an Exchange member who is associated with a member organization as a member must be for the account of the organization.

Specialist trading

(2) When an Exchange member is a specialist, in a member organization, his ordinary trading business as a specialist must be for the organization's account, or for the joint account in which his organization is permitted to participate under the provisions of Rule 94 – NYSE Alternext Equities.

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Rule 302 – NYSE Alternext Equities. Reserved.

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Limitation on Access to Floor

Rule 303 – NYSE Alternext Equities.

(a) Members' badges.—All members who execute orders on the Floor must be provided with an identification badge and must wear the same while on the Floor. Every member's badge must contain his name and a number and the name of his or her member organization.

(b) Subletting spaces on Floor.—No member or member organization may, without specific permission of the Exchange, sublet to another member or member organization any telephone or specialist space on the Floor.

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Allied Members and Approved Persons

Rule 304 – NYSE Alternext Equities. (a) No person shall become or remain an allied member or approved person unless such person meets and continues to meet the standards prescribed in the Rules of the Exchange.

(b) Any natural person, not a member of the Exchange, shall become an allied member of the Exchange by agreeing to abide by all rules adopted from time to time by the Exchange and by being either

(i) a general partner in a member organization or an employee who controls such member organization; or

(ii) an employee of a member organization who is:

(a) a person who controls such organization, or

(b) a principal executive officer of such organization.

Such agreement to abide by the Rules shall be made by written instrument filed with the Exchange in which the signer agrees as aforesaid. Any person registered with the Exchange in any capacity shall become an allied member upon written notice to the Exchange that such person is included in either (i) or (ii), above.

(c) When an allied member dies or is expelled, his allied membership shall terminate.

(d) When an allied member ceases or fails to be an allied member associated with a particular member organization, and does not forthwith qualify as an allied member associated with another member organization continuing the business of the first member organization, his allied membership shall terminate.

(e) Any person who controls a member organization, or who engages in a securities or kindred business and is controlled by or under common control with a member organization but is not a member or allied member or an employee of a member organization shall apply for approval by the Exchange as an approved person by furnishing the Exchange with such information with respect to such applicant, its history and business, its equity-holders, officers, partners and directors, any person controlling such applicant, and such other information as the rules of the Exchange may require. Each such applicant shall agree to:

(1) Supply the Exchange with information with respect to such applicant's relationship and dealings with the member or member organization with which it is associated as the Exchange may reasonably require to ascertain whether the applicant is in compliance with applicable provisions of Federal Securities Laws, the rules and regulations thereunder, and the rules of the Exchange; and

(2) to supply the Exchange with information relating to the existence of any statutory disqualification to which the applicant or any person associated with the applicant may be subject, as defined in the Securities Exchange Act of 1934; and

(3) to abide by such provisions of the Rules of the Exchange relating to approved persons as shall from time to time be in effect; and

(4) to permit examination by the Exchange, or any person designated by it, at any time or from time to time, of its books and records to verify the accuracy of the information required to be supplied herein and by the Rules of the Exchange.

••• Supplementary Material:

.10 Notwithstanding the provisions of Rule 304(e)(4) – NYSE Alternext Equities, no applicant to become an approved person (the “applicant”) or approved person which is domiciled outside the United States shall be required to permit examination by the Exchange, or any person designated by it, of the applicant's or approved person's books and records, at its place of domicile, to verify the accuracy of information required to be supplied by the rules of the Exchange whenever such examination would, in the opinion of the independent person or government official (as hereinafter specified,) be contrary to the law to which the applicant or approved person is subject in its place of domicile or contrary to generally accepted custom or business practice of such place. Whenever an applicant or an approved person chooses to invoke the provisions of the preceding sentence of this paragraph, the applicant or approved person shall, at its expense, submit to the Exchange a written certification acceptable to the Exchange by a person deemed independent of the applicant or approved person and of its affiliated member organization, which person is recognized as an enrolled attorney or counselor at law in such place of domicile (the “independent person”) or an appropriate governmental official of the place of domicile stating that the examination of the books and records of the applicant or approved person by the Exchange or any person designated by it at its place of domicile would be contrary to the law to which the applicant or approved person is subject in its place of domicile or contrary to generally accepted custom or business practice of such place. Whenever and so long as an approved person chooses to invoke the provisions of the first sentence of this paragraph, the approved person shall, at its expense, submit to the Exchange, not less frequently than annually and upon specific request by the Exchange, a written certification acceptable to the Exchange by an independent person or a person deemed independent of the applicant or approved person and its affiliated member organization which person is recognized in the place of domicile of the applicant or approved person as an auditor stating that upon reasonable examination conducted by the said person in accordance with generally accepted practices and principles prevalent in the approved person's place of domicile, (i) in respect of any appropriately designated omnibus account carried by the affiliated member organization for the account of the approved person but not for its benefit, said independent person has no reason to believe that any of the persons on whose behalf and for whose benefit any transaction was effected therein was a person associated with the approved person or its affiliated member organization within the meaning of the Securities Exchange Act of 1934 as amended (the “Act”), or the rules thereunder, and (ii) in respect of any account carried by the affiliated member organization in the name and for the account and benefit of the approved person, which account reflects transactions effected in reliance on Section 11(a)(1)(G) of the Act, the rules thereunder and, in particular, Rule 11a1-2 thereunder, the approved person, during its preceding fiscal year, derived more than fifty percent of its gross revenues from one or more of the sources specified in Section 11(a)(1)(G)(i) of the Act.

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Member and Allied Member Examination Requirements

Rule 304A – NYSE Alternext Equities. (a) Every applicant for membership, or allied membership shall pass an examination required by the Exchange unless such examination is waived by the Exchange.

(b) Every applicant for membership or allied membership shall agree with the Exchange that, unless the appropriate qualifying examination required by the Exchange is waived, the applicant will, within three months following six months after becoming a member or allied member without having passed such examination, or upon failure to pass such examination after-not more than three attempts, whichever occurs first, cease to be a member or allied member, retire as a general partner, principal executive officer, or director and if necessary promptly dispose of sufficient voting stock as may be necessary to reduce ownership below that level which enables such applicant to exercise controlling influence over the management or policies of the member organization.

(c) No member or allied member shall undertake any active duties as a member or allied member until the appropriate examination requirement is satisfied. A member who is to be active on the floor is required to be indoctrinated under the guidance of an experienced floor member for such period of time as may be necessary to become acquainted with floor procedures before being permitted to executed orders without supervision.

••• Supplementary Material:

.10 The procedures for applying for these examinations are contained in study outlines which are available from the Exchange.

.20 Without the consent of the Exchange, no member qualified as a floor member shall act as an office member nor shall a member qualified as an office member act as a floor member without passing the appropriate qualifying examination required by the Exchange.

.30 A floor member required to retire, under paragraph (b) of this rule, who at the time of submitting the application was qualified as an allied member, may if the member and the member organization so desire, retain membership and act as an office member or dispose of the membership and continue as an allied member in the member organization.

.40 An office member required to retire, under paragraph (b) of this rule, who at the time of submitting the application was qualified as a floor member, may, if the member and the member organization so desire, retain membership and act as a floor member in the member organization.

.50 Any member or allied member whose sole duties are on the floor of another exchange will not be required to pass a New York Stock Exchange examination, if a floor examination, satisfactory to this Exchange, given by the exchange on whose floor the applicant is active, is passed.

.60 A member who applies to register as an odd-lot dealer or broker, specialist or registered trader is also required to pass an appropriate examination in these areas as prescribed by the Exchange. (See Rule 101.10 – NYSE Alternext Equities, 103.10 – NYSE Alternext Equities, and 111 – NYSE Alternext Equities.)

.70 Any member or allied member intending to work in the office of a member organization, who lacks experience in the securities business and who proposes to service customers accounts may also be required to undergo a period of training and to pass the examination for registered representatives.

.80 Any member or allied member who is engaged in the solicitation or handling of business in, or the sale of, commodities futures contracts must demonstrate competency by satisfying a solicitors examination requirement of a national commodities exchange, which examination is acceptable to the Exchange.

.90T (a) This Rule 304A.20T – NYSE Alternext Equities shall apply only to approved persons of a member organization who (i) have been designated by such member organization to effect transactions on the Floor of Exchange; and (ii) held a valid 86 Trinity Permit at the time they were designated to effect transactions on the Floor of the Exchange.

(b) Approved persons who satisfy the conditions set forth in Rule 304A.20T(a) – NYSE Alternext Equities above shall have six months from the date of such designation to meet the requirements contained in Rule 304A – NYSE Alternext Equities. If an approved person who has been designated to effect transactions on the Floor of the Exchange fails to meet the requirements of Rule 304A – NYSE Alternext Equities by the end of the grace period, such approved person shall not be permitted to effect trades on the Floor until such approved person shall have satisfied the requirements of Rule 304A – NYSE Alternext Equities.

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Rules 305 – NYSE Alternext Equities - 307 – NYSE Alternext Equities. Reserved.

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Acceptability Proceedings

Rule 308 – NYSE Alternext Equities. (a) The Exchange may disapprove (i) the application of a prospective member or member organization; or (ii) the application for employment or association with a member or member organization, of any prospective member, allied member, approved person, registered representative, or other person required by the Rules of the Exchange to be approved by the Exchange; or (iii) any change in the status of any person which change requires approval of the Exchange; or (iv) the application of any non-member broker/dealer accessee, as provided for in the Exchange Rules, or in the Securities Exchange Act of 1934, as amended.

(b) Prior to disapproval of any such application, the Exchange shall conduct a proceeding which shall be instituted by the preparation of a written memorandum setting forth the pertinent information relevant to the issue of the applicant's acceptability, including the specific grounds for disapproval under consideration, and shall furnish a copy thereof to the applicant and to an Acceptability Committee referred to herein. The applicant shall be given not less than 15 days prior written notice of the date on which the Acceptability Committee is to consider disapproving the application. A written record shall be kept of the proceedings before any Acceptability Committee.

(c) All proceedings under this rule shall be conducted in accordance with the provisions of this rule and shall be held before an Acceptability Committee consisting of at least three persons being members of the Acceptability Board to be selected by the Chief Hearing Officer (as designated under Rule 476(b)) in accordance with paragraph (d) of this rule.

The Chairman of the Board of the Exchange, or officer, employee or committee or board to whom appropriate authority has been delegated, subject to the approval of the Board of Directors, shall from time to time appoint an Acceptability Board to be composed of such number of members and allied members of the Exchange who are not members of the Board of Directors, and registered employees and non-registered employees of members and member organizations, as the Chairman of the Board of the Exchange shall deem necessary. The members of the Acceptability Board shall be appointed annually and shall serve at the pleasure of the Board of Directors.

(d) In any proceeding under this rule involving, as an applicant therein, a prospective member, member organization, allied member, approved person, or non-member broker/dealer accessee, the members of the Acceptability Board serving on the Acceptability Committee shall be members or allied members who, to the extent reasonably possible, are engaged in similar activities as the applicant proposes to engage in, or have knowledge of those activities. In any such proceeding relating to proposed activities on the Floor of the Exchange, all persons serving on the Acceptability Committee shall be members active on the Floor of the Exchange. In any such proceeding relating to any other proposed activities, all persons serving on the Acceptability Committee shall work in the offices of a member or member organization which engages in a business involving substantial direct contact with securities customers.

In any proceeding under this rule involving as an applicant therein a prospective registered or non-registered employee of a member or member organization who will not be a member or allied member, the members of the Acceptability Board serving on the Acceptability Committee shall be registered employees or non-registered employees of members and member organizations who are not members or allied members and who, to the extent reasonably possible, are engaged in similar activities as the applicant proposes to engage in, or have knowledge of those activities. In any such proceeding relating to such employees' proposed activities on the Floor of the Exchange, all persons serving on the Acceptability Committee shall be registered or non-registered employees of a member or member organization active on the Floor of the Exchange and who are not members or allied members. In any such proceeding relating to any other proposed activities, all persons serving on the Acceptability Committee shall work in the offices of a member or member organization which engages in a business involving substantial direct contact with securities customers.

(1) The membership of each Acceptability Committee shall designate from among themselves that person who shall serve as Chairman.

(2) The decision of a majority of the members of an Acceptability Committee shall be final, except as provided in paragraph (g) below.

(e) If the application is disapproved, the applicant may not reapply to the Exchange for approval in a similar capacity for a period of 3 years unless otherwise permitted by the Acceptability Committee or the Exchange.

(f) The determination of an Acceptability Committee shall become final twenty days after notification thereof to the applicant, provided, however, that if a request for review of such determination is filed as hereinafter provided, the determination shall be stayed pending the outcome of that review.

(g) Any person whose application has been disapproved by an Acceptability Committee, or any member of the Board of Directors of the Exchange, any member of the Committee of NYSE Regulation Board of Directors to which it is delegated the authority to review disciplinary decisions on behalf of the Board, any Executive Floor Governor, and the Division of the Exchange initiating the proceedings may require a review by the Board of any determination of an Acceptability Committee. A request for review shall be made by filing with the Secretary of the Exchange a written request therefore, within twenty days after notification of the determination of the Acceptability Committee. Upon review, the Board of Directors may sustain any determination, or may modify or reverse any such determination as it deems appropriate. The determination of the Board of Directors shall be final and conclusive action by the Exchange.

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Failure to Pay Exchange Fees

Rule 309 – NYSE Alternext Equities. Any member, member organization or allied member who shall not pay a fee or any other sums due to the Exchange, within forty-five days after the same shall become payable, shall be reported to the Chief Financial Officer of the Exchange or designee who, after notice has been given to such member, member organization or allied member of such arrearages, may suspend access to some or all of the facilities of the Exchange until payment is made. Except that failure to pay any fine levied in connection with a disciplinary action shall be governed by Exchange Rule 476(k) (Disciplinary Proceedings Involving Charges Against Members, Member Organizations, Allied Members, Approved Persons, Employees, or Others).

Denial of access to some or all of the facilities of the Exchange through suspension under the provisions of this Rule shall not prevent the member, member organization or allied member from being proceeded against for any offense other than that for which such member, member organization, or allied member was suspended.

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Rule 310 – NYSE Alternext Equities. Reserved.

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Partnerships—Corporations (Rules 311 – NYSE Alternext Equities—324 – NYSE Alternext Equities)

Formation and Approval of Member Organizations

Rule 311 – NYSE Alternext Equities. (a) Any person who proposes to form a member organization or who proposes to become an allied member in an organization for which application is made for approval as a member organization and any member organization which proposes to admit therein any:

(1) allied member

(2) approved person

shall notify the Exchange in writing before any such formation or admission, pay any applicable fee and shall submit such information as may be required by the Rules of the Exchange. No such member organization shall become or remain a member organization unless all persons required to be approved are so approved and execute such agreements with the Exchange as the Rules of the Exchange may prescribe.

(b) The Board of Directors shall not approve a partnership or corporation as a member organization unless:

(1) each director of such corporation is a member, allied member or an approved person; and

(2) every person who controls such corporation is a member, allied member or approved person; and

(3) every natural person who is a general partner in such partnership is a member or allied member and every other person who controls such partnership is a member, allied member or approved person; and

(4) every person who engages in a securities or kindred business and is controlled by or under common control with such partnership or corporation is an approved person; and

(5) The Board of Directors of such corporation designates its “principal executive officers” who shall be members or allied members and shall exercise senior principal executive responsibility over the various areas of the business of such corporation in such areas as the rules of the Exchange may prescribe, including: operations, compliance with rules and regulations of regulatory bodies, finances and credit, sales, underwriting, research and administration; and

(6) such partnership or corporation complies with such additional requirements as the rules of the Exchange may prescribe.

(7) every employee who is associated as a member with such member organization is designated with a title, such as vice president, consistent with his responsibilities and the usage of titles within such organization.

(c) In the case of existing corporations making application to become member corporations, there shall be submitted to the Exchange:

(1) A certified list of all holders of record of each class of stock, giving the name and address of the holder and the number of shares of each class of such stock held;

(2) A certified list of all persons who are to become members, allied members, directors or approved persons.

(3) A certified list of all persons designated as principal executive officers of the corporation.

In the case of corporations proposed to be organized, similar information shall be submitted to the Exchange.

(d) The approval of a corporation as a member corporation constitutes only a revocable privilege and confers on the corporation no right or interest of any nature whatsoever to continue as a member corporation.

(e) No member corporation shall issue any publicly held security in the form of non-voting common stock unless the Exchange determines that the non-voting common stock has normal and appropriate preferences which entitle it to be regarded as preferred stock.

(f) Every member firm shall be a partnership and every member corporation shall be a corporation created or organized under the laws of, and shall maintain its principal place of business in, the United States or any State thereof. The Exchange may, in its discretion, and on such terms and conditions as the Exchange may prescribe, approve as a member organization entities that have characteristics essentially similar to corporations, partnerships, or both. Such entities, and persons associated therewith shall, upon approval, be fully, formally and effectively subject to the jurisdiction, and to the Rules of the Exchange to the same extent and degree as are any other member organization and person associated therewith.

(g) Each member organization shall execute and file with the Exchange a written agreement in a form acceptable to the Exchange evidencing

(1) the authority of any member who is an officer or employee of such member organization to transact business on the Floor on behalf of such member organization, and

(2) such member organization's responsibility and obligation with respect to any contract entered into on the Floor by any such member.

(h) Except as may be otherwise permitted by the Exchange, no member organization or allied member shall conduct business under a firm name unless there exists at least two partners in such firm, nor shall any member firm doing business with the public have less than two general partners who are active in the firm's business; provided however, that if by death or otherwise a member or allied member becomes the sole general partner in a firm, he may continue business under the firm name for such period as may be allowed by the Exchange.

••• Supplementary Material:

.10 Reserved.

.11 **Application.**—The papers required to be submitted prior to approval of the formation or admission of a member organization are as follows:

(1) Letter giving name and address of proposed or existing organization, date of proposed formation or admission, and names of all proposed or present officers and other parties required to be approved by the Exchange under Rules 304 – NYSE Alternext Equities and 311 – NYSE Alternext Equities; and

(2) individually executed applications by all parties whose approval by the Exchange is required.

The papers required to be submitted prior to approval of the admission to an existing member organization of any party requiring the approval of the Exchange under Rules 304 – NYSE Alternext Equities and 311 – NYSE Alternext Equities, are as follows:

(1) Letter stating name of such proposed party and proposed date of admission to member organization; and

(2) an individually executed application by such proposed party.

.12 **Authorization and Statement of Understanding.**—Authorization and Statement of Understanding—Each member organization, or proposed member organization, must submit the following authorization and statement of understanding executed by each natural person requiring the approval of the Exchange under Rule 304 – NYSE Alternext Equities:

“In connection with my current application, I authorize the Exchange and any agent acting on its behalf, to conduct an investigation of my character, credit worthiness, ability, business activities, educational background, previous employment and reasons for termination thereof.

“I authorize and request any and all of my former employers, and any other person to furnish to the Exchange, and any agent acting on its behalf, any information that they may have concerning my character, credit worthiness, ability, business activities, educational background, general reputation, previous employment and reasons for termination thereof ... Moreover, I hereby release each such employer and each such other person from any and all liability of whatsoever nature by reason of furnishing such information to the Exchange and any agent acting on its behalf.

“Further, I recognize that I will be the subject of an investigative report ordered by the Exchange and acknowledge that I have been informed of my right to request information from the Exchange concerning the nature and scope of the investigation requested.”

.13 **Agreement with the Exchange.**—Each member corporation and each member, allied member and approved person of the corporation must agree with the Exchange that if any person required to be approved by the Exchange as a member, allied member or approved person fails or ceases to be so approved, the corporation may be deprived by the Exchange of all the privileges of a member corporation unless the corporation redeems or converts the stock held by such person as required under Rule 312 – NYSE Alternext Equities.

.14 Partnership agreements.—For information regarding the submission of copies of proposed partnership articles, see Rule 313.10 – NYSE Alternext Equities.

.15 Corporate documents.—For information regarding the submission of copies of proposed or existing corporate documents and other agreements, see Rule 313.20 – NYSE Alternext Equities.

.16 Filing With Agent.—Any filing or submission required under this rule which is made with a properly authorized agent acting on behalf of the Exchange shall for purposes of this rule be deemed to be a filing with the Exchange.

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Changes Within Member Organizations

Rule 312 – NYSE Alternext Equities. (a) Each member organization, shall promptly give to the Exchange notice in writing on such form as may be required by the Exchange (1) on Form U-5, of the death, retirement, or other termination of any party required to be approved under the Rules of the Exchange, (2) of the dissolution of the member organization.

(b) In addition, in the case of a member corporation, such member corporation shall give written notice (1) of any material change in the stockholdings of any member, allied member or approved person of such member corporation, (2) of any proposed change in the directors or officers, or (3) of any proposed change in the charter, certificate of incorporation, by-laws or other documents on file with the Exchange, or (4) of the failure to comply with all the conditions of approval specified in Rule 311 – NYSE Alternext Equities.

(c) Each member, allied member and approved person of a member corporation shall promptly notify his member corporation of any material acquisition or disposition of shares of stock of such corporation.

(d) Whenever a person who is required to be approved by the Board as a member, allied member or approved person fails or ceases to be so approved, each member corporation shall promptly redeem or convert to a fixed income security such of its outstanding voting stock as may be necessary to reduce such party's ownership of voting stock in the member corporation below that level which enables such party to exercise controlling influence over the management or policies of such member corporation.

(e) Unless permitted by the Exchange in order to protect investors and the public interest or to facilitate the administration of the Exchange, no person shall be a member or allied member in a member organization unless all persons required to be approved by the Exchange are so approved.

(f)(1) After the completion of a distribution of its equity or non-investment grade debt securities or those of any organization controlling the member organization or of any Material Associated Person (as used in Rule 17h-1T of the Securities Exchange Act of 1934, as amended) of the member organization, no member organization shall effect any transaction (except on an

unsolicited basis) for the account of any customer in, or make any recommendation with respect to, any such security.

(2) Any member organization that makes any recommendation of any equity or non-investment grade debt security issued by any person controlled by or under common control with such member organization (other than a Material Associated Person), shall promptly disclose to such customer the existence and nature of such control at the time of recommendation and, if this disclosure is not made in writing, shall provide this disclosure in writing prior to the completion of the transaction.

(3) No corporation which has any publicly held security outstanding shall, without the prior written approval of the Exchange, dispose of any such security for its own account and no member corporation shall acquire any such security for its own account or for the account of any corporation controlling, controlled by or under common control with such member corporation except with the prior written approval of the Exchange or pursuant to the terms and provisions of such security or of any agreement between the member corporation and the holder of such security, which agreement has previously been filed with and approved by the Exchange. The Exchange will approve such a disposition or acquisition of securities unless it determines that such action will impair the financial responsibility or operational capability of the member corporation.

(g) A member corporation shall not without the prior written approval of the Exchange:

(1) Reduce its capital or purchase or redeem any shares of any class of its stock or in any way amend its charter, certificate of incorporation or by-laws, and the Exchange may at any time in its discretion require the corporation to restore or increase capital or surplus, or both.

(2) Issue any bonds, notes or other instruments evidencing funded indebtedness of the corporation except pursuant to the terms and provisions of such security or of any agreement between the member corporation and the holder of such security, which agreement has been previously filed with and approved by the Exchange.

(3) Amend, modify or cancel any agreement made by it or any of its stockholders relating to the management of the corporation or the issue or transfer of securities of the corporation (other than agreements relating to ordinary securities and commodities transactions).

The Exchange will approve any action described in (1), (2) or (3) above unless it determines that such action will impair the financial responsibility or operational capability of the member corporation.

(h) No member corporation subject to Rule 325 – NYSE Alternext Equities shall, without the prior written consent of the Exchange, redeem or repurchase any shares of its stock on less than six months notice given to the Exchange no sooner than six months after the original issuance of such shares (or any predecessor shares). Each member corporation shall promptly notify the Exchange if any redemption or repurchase of any of its stock is postponed because prohibited under the provisions of Exchange Act Rule 15c3-1 (see 15c3-1(e)).

(i) In order to ensure the continued financial responsibility and operational capability of a member corporation, the Exchange may require such member corporation to file with the Exchange

a written report showing the use made by the member organization of the proceeds of any offering of any security issued by such member organization.

(j) No stock shall be issued by a member corporation except for cash or such other consideration as the Exchange determines will not impair the financial responsibility or operational capability of such member corporation.

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Submission of Partnership Articles—Submission of Corporate Documents

Rule 313 – NYSE Alternext Equities. (a) All partnership articles and all amendments thereto shall be submitted and be acceptable to the Exchange prior to becoming effective.

(b) The charter or certificate of incorporation and all amendments thereto, the by-laws and all amendments thereto, forms of stock certificates and any and all agreements or other documents and amendments thereto relating to the business or affairs of the member corporation between a member corporation and any of its stockholders or between any of the members, allied members or approved persons of a member corporation other than agreements relating to ordinary securities and commodities transactions shall be submitted to and be acceptable to the Exchange prior to becoming effective.

(c) Any prospectus or other offering circular prepared by a member corporation and used in connection with the offering of any security issued by it shall, prior to such use, be submitted by such corporation to the Exchange.

(d) Whenever a member organization shall offer or sell any security, as defined under the Securities Act of 1933, as amended, or the General Rules and Regulations thereunder (the 1933 Act), or under the “blue sky” law or the regulations thereunder of any state in which it is proposed that the security be offered, which security is issued by the member organization for the purpose of raising capital under Rules 325 – NYSE Alternext Equities and 326 – NYSE Alternext Equities of the Board of Directors of the Exchange, the member organization must furnish the Exchange with an opinion of counsel in form and substance satisfactory to the Exchange as to whether or not the securities being offered or sold need be registered under the 1933 Act and a survey of the type customarily prepared in respect of the underwriting of securities, but not an opinion, as to what action, if any, need be taken with respect to such offer or sale under any applicable state “blue sky” law. If, in counsel's opinion, the securities need not be registered under the 1933 Act, his opinion shall state the exemption from the registration requirements of the 1933 Act upon which he is relying and the basis for such reliance. If the securities are required to be registered under the 1933 Act counsel's opinion shall include, in addition to such other statements as the Exchange in any particular case may require, a statement substantially to the effect that at the time the registration statement became effective, the registration statement and the prospectus (other than the financial statements contained therein) complied as to form in all material respects with the requirements of the 1933 Act (and with the Trust Indenture Act of 1939, as amended, if applicable) and nothing has come to counsel's attention that would lead counsel to believe that the registration statement at the time it became effective contained an untrue statement of a material fact or omitted to state a

material fact required to be stated therein or necessary to make the statements therein not misleading or that the prospectus at the time the registration statement became effective or at the time of sale of the security contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Prior to the consummation of the sale of the security, counsel shall furnish a statement to the Exchange as to the action taken in order to comply with the state "blue sky" law of any state in which the security is offered or sold.

Without limiting the generality of the foregoing, counsel, among other things, is expected to give appropriate consideration to (a) any other transactions pursuant to which the member organization has raised capital in the past, or expects to do so in the future, (b) the disclosure of material information regarding the member organization to offerees of the security, and (c) the need for representation by the purchaser of the securities as to his intention to hold the securities for investment.

(e) Each member corporation shall, at such times as may be required by the Exchange, submit to the Exchange through its chief executive officer a certified list of its members, allied members and approved persons showing to the best of his knowledge and belief the number of shares of each class of stock of such corporation held of record or beneficially or both by each such party.

(f) Each member corporation shall, through its chief executive officer, submit to the Exchange at such times as the Exchange may require an affidavit listing to the best of his knowledge and belief the name of each party directly or indirectly beneficially owning 1% or more of the outstanding voting stock of such member corporation and showing the percentage of such ownership.

••• Supplementary Material:

Information Regarding Partnership Articles

.10 Submission of partnership agreements.—Drafts of partnership articles or of changes in partnership articles proposed to be entered into in connection with the formation of a firm or the admission of a new partner should be submitted to Regulation & Surveillance at least one week in advance of the date on which the application will be acted upon by the Board of Directors. Drafts of other changes to be made in partnership articles should be submitted in advance of their effective date.

The Exchange requires that a signed, photostatic or conformed copy of all partnership articles, including any amendments and supplements thereto, as executed, be filed with the Exchange.

.11 Withdrawal of capital.—The partnership articles of each member firm shall contain provisions that without the prior written approval of the Exchange the capital contribution of any partner may not be withdrawn on less than six months' written notice of withdrawal given no sooner than six months after such contribution was first made. Each member firm shall promptly notify the Exchange of the receipt of any notice of withdrawal of any part of a partner's capital

contribution or if any withdrawal is not made because prohibited under the provisions of Securities and Exchange Commission Rule 15c3-1 (see 15c3-1(e)).

.12 Deceased Partner's Interest in Continuing Firm

I

The Exchange cannot, upon a partner's death, regard his interest as continuing to be part of the net capital of the continuing or successor firm unless the partnership articles of the firm contain specific and legally adequate provisions to the effect that the claim of the personal representative of a deceased partner to the partner's interest in the firm shall be subordinated to the claims of all present or future creditors of the continuing firm (or any successor firm) arising out of matters occurring subsequent to the partner's death.

If it is the desire and intent of the partners of any firm that the interest of a deceased partner shall be considered, without interruption after his death, as a part of the capital of the continuing or successor firm for a specified period, the partnership articles should effectively provide in substance:

(1) That the payment of the deceased partner's interest in the firm to his estate can be deferred for a stated period; and

(2) that until such payment, the interest of the deceased partner shall remain at the risk of the business of the continuing or successor firm and shall be considered as capital of such firm in the same manner and to the same extent as capital contributed by a limited partner; and

(3) that any claim of the personal representative of the deceased partner to such interest shall be subordinated in right of payment and subject to the prior payment or provision for payment in full of claims of all present and future creditors of the continuing firm (or successor firm) arising out of any matters occurring before the end of the stated period.

II

If it is the desire of the partners to have a deceased partner's capital continued for a stated period immediately following his death, with the option in his personal representative to continue it for a longer period under the provisions of the deceased partner's Will, it is suggested that the stated period in the partnership agreement be made sufficiently long as to permit the conditions discussed below with respect to testamentary provisions to be complied with.

Provisions in a deceased partner's Will (as distinguished from those in a partnership agreement) providing that the personal representative shall or may become a limited partner in the firm or subordinate the claims of the estate to decedent's interest to the claims of firm creditors who become such after the decedent's death, with respect to the Exchange's determination whether or not to allow a deceased partner's capital interest in computing the net capital of the firm will depend on the facts and circumstances of each case as they exist at the time of such determination. However, in no case will such testamentary provisions be

considered as effective in connection with the Exchange's computation of net capital unless at least the following conditions are met:

(1) The Will must contain provisions specifically authorizing the personal representative of the deceased partner either to continue the decedent's capital interest in the firm as limited capital, or otherwise to subordinate the estate's claims against the firm to the claims of creditors of the firm.

(2) The Exchange must be furnished with a satisfactory opinion of counsel to the estate, to the effect that (A) the Will is valid and in full force and effect, (B) the named personal representative is duly qualified and is the executor administering the Will, (C) the personal representative is authorized by the Will to make or continue a capital contribution to the firm, (D) if the personal representative is a partner of, or otherwise interested in, the firm, said representative is authorized by the Will to deal with the estate for his own benefit, (E) all claims of present and future creditors and beneficiaries of the Estate and their successors are subordinate to the claims of all present and future creditors of the firm and its successors.

(3) The personal representative of the decedent must have taken appropriate action either to become a limited partner in the firm or to subordinate the capital interest of the deceased partner as indicated above.

III

It is recommended that member firms consult their own counsel with respect to the advisability of incorporating in their partnership articles provisions of the sort discussed in this Section. Any member firm which decides to adopt such provisions should submit the proposed provisions, in draft form, to the Exchange. Such member firm will then be advised whether, upon the adoption of such provisions and in the event of the death of a partner, the Exchange will be in a position to consider his interest in the firm as part of its net capital for the specified period following his death.

Information Regarding Member Corporations

.20 Submission by proposed member corporations of certificate of incorporation, by-laws and other corporate documents.—Existing corporations shall promptly submit certified copies (to the extent possible) of the documents referred to in Rule 313(b) – NYSE Alternext Equities and corporations to be formed shall submit drafts thereof, prior to the time they become effective, to Regulation & Surveillance. Upon the formation of a corporation or when an amendment to any of such documents becomes effective, a duly certified copy of the certificate of incorporation and by-laws shall be filed with Regulation & Surveillance and signed, photostatic or conformed copies of the other documents shall be so filed.

There shall also be submitted an opinion of counsel in form and substance satisfactory to the Exchange stating, among other things, that the corporation is duly organized and existing and that its stock is validly issued and outstanding and that the restrictions and provisions required by the Exchange on the transfer, issuance, conversion and redemption of its stock have been made legally effective.

(See .23, below, for restrictions on corporations not incorporated under laws of the State of New York.)

.21 Provisions concerning disposition of stock.—The certificate of incorporation of a member corporation may contain provisions that the corporation or its stockholders, or both, may have a prior right to purchase the stock of any stockholder upon such terms and conditions as may be specified therein.

The Exchange will expect a member corporation, either through its certificate of incorporation or separate agreements, to be in a position at all times to comply with the provisions of Rule 312(d) – NYSE Alternext Equities.

Each stock certificate of a member corporation shall carry on its face a statement of any such provisions or a full summary thereof.

.22 Provisions concerning redemption or conversion.—Each certificate of incorporation of a member corporation shall contain provisions authorizing the corporation to redeem or convert to a fixed income security all or any part of the outstanding shares of voting stock of such member corporation owned by any person required to be approved by the Board of Directors of the Exchange as a member, allied member or approved person who fails or ceases to be so approved as may be necessary to reduce such party's ownership of voting stock in the member corporation below that level which enables such party to exercise controlling influence over the management or policies of such member corporation.

If the certificate of incorporation of a member corporation subject to Rule 325 – NYSE Alternext Equities provides that a stockholder may compel the redemption of his stock such certificate must provide that without the prior written approval of the Exchange, the redemption may only be effected on a date not less than six months after receipt by the member corporation of a written request for redemption given no sooner than six months after the date of the original issuance of such shares (or any predecessor shares). Each member corporation shall promptly notify the Exchange of the receipt of any request for redemption of any stock or if any redemption is not made because prohibited under the provisions of Securities and Exchange Commission Rule 15c3-1 (See 15c3-1(e)).

Each stock certificate of a member corporation shall carry on its face a statement of the restrictions in SEC Rule 15c3-1(e) relating to the redemption of stock or a full summary thereof.

.23 Restrictions on corporations.—Corporations not organized under the laws of the State of New York shall effectively subject themselves to the following restrictions and the opinion of counsel submitted to the Exchange at the time the corporation applies for approval as a member corporation shall set forth the extent to which the following restrictions have been made legally effective:

No dividend shall be declared or paid which shall impair the capital of the corporation nor shall any distribution of assets be made to any stockholder unless the value of the assets of the corporation remaining after such payment or distribution is at least equal to the aggregate of its debts and liabilities, including capital.

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Rule 314 – NYSE Alternext Equities—318 – NYSE Alternext Equities.Reserved.

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Fidelity Bonds

Rule 319 – NYSE Alternext Equities. (a) Each member organization doing business with the public shall carry fidelity bonds in such form and in such amounts as the Exchange may require covering its general partners or officers and its employees. The Stockbrokers Partnership Bond and the Brokers Blanket Bond approved by the Exchange, are the only forms which may be used. Specific Exchange approval is required for any variation from such forms.

(b) Each such member organization may self-insure to the extent of \$10,000 or 10% of its minimum insurance requirement as fixed by the Exchange, whichever is greater, for each type of coverage required by the rule. This deductible may be taken without considering it as a debit item in the computation of net capital. Self-insurance in amounts exceeding the above maximum may be permitted by the Exchange provided the member or member organization certifies to the satisfaction of the Exchange that it is unable to obtain greater bonding coverage, and agrees to reduce its self-insurance so as to comply with the above stated limits as soon as possible, and appropriate charges to capital are made pursuant to Exchange Act Rule 15c3-1.

(c) Member organizations subject to this rule are required to maintain basic and specific coverage, which apply both to Stockbrokers Partnership Bond and Brokers Blanket Bond, in amounts not less than those prescribed in this Rule. Where applicable, such coverage must also extend to limited partners as employees, outside organizations providing electronic data processing services and the handling of U.S. government securities in bearer form.

(d) Each member organization that introduces all customers' accounts on a fully disclosed basis must maintain minimum coverage as follows:

(i) Minimum basic coverage for such member organizations whose net capital requirement under Rule 325 – NYSE Alternext Equities:

A. does not exceed \$670,000 shall be the greater of \$25,000 or 120% of their net capital requirement.

B. exceeds \$670,000 shall be determined by the schedule set forth in paragraph (e) of this rule.

(ii) Specific coverage for such member organizations shall be as follows:

A. Misplacement and Check Forgery—the amount of basic bond minimum requirement.

B. Fraudulent Trading (not required of partnerships having no employees)—the greater of \$25,000 or 50% of the basic bond minimum requirement, up to \$500,000.

C. Securities Forgery—the greater of \$25,000 or 25% of the basic bond minimum up to \$250,000.

(e) Each member organization which carries customers' accounts must maintain minimum coverage as follows:

(i) Minimum basic coverage for such member organizations shall be based on their net capital requirement under Rule 325 – NYSE Alternext Equities as follows:

<u>Net Capital Requirement Under Rule 325 – NYSE Alternext Equities</u>			<u>Basic Minimum Coverage</u>
<u>\$ 25,000</u>	<u>==</u>	<u>50,000</u>	<u>\$ 200,000</u>
<u>50,001</u>	<u>==</u>	<u>100,000</u>	<u>300,000</u>
<u>100,001</u>	<u>==</u>	<u>200,000</u>	<u>500,000</u>
<u>200,001</u>	<u>==</u>	<u>300,000</u>	<u>600,000</u>
<u>300,001</u>	<u>==</u>	<u>500,000</u>	<u>700,000</u>
<u>500,001</u>	<u>==</u>	<u>1,000,000</u>	<u>800,000</u>
<u>1,000,001</u>	<u>==</u>	<u>2,000,000</u>	<u>1,000,000</u>
<u>2,000,001</u>	<u>==</u>	<u>3,000,000</u>	<u>1,500,000</u>
<u>3,000,001</u>	<u>==</u>	<u>4,000,000</u>	<u>2,000,000</u>
<u>4,000,001</u>	<u>==</u>	<u>6,000,000</u>	<u>3,000,000</u>
<u>6,000,001</u>	<u>==</u>	<u>12,000,000</u>	<u>4,000,000</u>
<u>12,000,001</u>	<u>==</u>	<u>and higher</u>	<u>5,000,000</u>

(ii) Specific coverage for such member organizations shall be as follows:

A. Misplacement and Check Forgery—the amount of the basic bond minimum requirement.

B. Fraudulent Trading (not required of partnerships having no employees)—the greater of \$100,000 or 50% or the basic bond minimum requirement, up to \$500,000.

C. Security Forgery—the greater of \$100,000 or 25% of the basic bond minimum requirement, up to \$250,000.

••• Supplementary Material:

.10 The highest net capital requirement during the preceding twelve months, based upon either the basic or alternative method for computing net capital requirements, whichever is applicable, shall determine the minimum required coverage for the succeeding twelve month period. Required coverage may be redetermined as of the yearly anniversary date of the bond. If a replacement bond becomes necessary, coverage must be redetermined upon issuance of such bond, and thereafter such coverage shall be redetermined annually as of the anniversary date of the replacement bond.

.11 Each member organization will be expected to review carefully any need for coverage greater than that provided by the required minimums. Where experience or the nature of the business warrants additional coverage the Exchange expects it will be acquired.

.12 Each member organization subject to this rule shall immediately advise the Exchange in writing if its insurance is entirely or partially canceled.

In addition, each bond shall contain a provision that the insurance carrier will use its best efforts to notify the Exchange in the event the bond is canceled, terminated or substantially modified.*

* The term “substantially modified” shall mean any change in the type or amount of fidelity bonding coverage, or in the exclusions to which the bond is subject, or any other change in the bond such that it no longer complies with the requirements of this rule.

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Rule 320 – NYSE Alternext Equities. Reserved.

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Formation or Acquisition of Subsidiaries

Rule 321 – NYSE Alternext Equities. No member organization may, without the prior written approval of the Exchange, form or acquire a subsidiary company. The member organization shall require such subsidiary to comply with the following provisions.

••• Supplementary Material:

Information Regarding Subsidiary Companies of Member Organizations

.10 Definition of subsidiary.—For purposes of this rule, the term “subsidiary” means an entity engaged in a securities or kindred business that is controlled by a member organization

within the meaning of Rule 2 – NYSE Alternext Equities. However, control shall not be presumed, for purposes of this rule, merely because a member is a director or principal executive officer of another person.

.11 **Form of organization.**—A subsidiary shall be an incorporated company or partnership.

.12 **Name.**—The name of the subsidiary and the name of the member organization must be sufficiently different to prevent confusion. The mere addition of “Inc.” or “and Co.” may not be sufficient.

.13 **Severance of connection with subsidiary.**—The Exchange may at any time require that the member organization and the partners or stockholders thereof sever all connections with the subsidiary including the disposition of all securities and other interests therein, or such amount thereof as determined by the Exchange. Concurrent with or at any time after directing such severance, the Exchange may require the member organization to change its name if the Exchange finds that the name of the former subsidiary may be confused with the name of such member organization.

.14 **List of stockholders.**—A list of stockholders or partners of the subsidiary shall upon request be submitted to the Exchange.

.15 **Employees.**—No employee associated with a non U.S. registered foreign subsidiary whose duties correspond to those of a registered representative in the solicitation of accounts or orders for the purchase or sale of U.S. securities shall be employed by such subsidiary unless such person has been and is continued to be approved by the Exchange as a registered representative of the member or member organization.

Any filing or submission required under this rule which is made with a properly authorized agent acting on behalf of the Exchange shall for purposes of this rule be deemed to be a filing with the Exchange.

.16 **Capital requirements.**—The Exchange will not prescribe capital requirements for a subsidiary. However, the Exchange will require a pro forma balance sheet of the subsidiary to be filed with it before any action is taken on a member or member organization's application to form such a subsidiary. The Exchange may, however, require the submission of subsequent financial statements.

.17 **Banking commitments.**—A subsidiary's banking and other commitments, loans and obligations shall be kept separate and distinct from those of the member or member organization with which it is affiliated.

.18 **Functions of a subsidiary.**—A subsidiary may be formed to do an underwriting, agency or dealer business, or any other business acceptable to the Exchange.

.19 **Offices.**—A subsidiary will be permitted, under the conditions set forth in Rule 343 – NYSE Alternext Equities to occupy the same quarters as those of the member organization.

.20 Books and records.—A subsidiary shall keep books and records separate and distinct from those of the member or member organization with which it is affiliated and such books and records shall, upon request, be made available by the member or member organization for inspection by the Exchange. However, such books and records may be maintained by the member or member organization.

.21 Transactions between members or member organizations and subsidiaries.—A subsidiary will not be prohibited by the Exchange from having cash or margin brokerage transactions effected for its account by the member or member organization (See Section 11(a) of the Securities Exchange Act of 1934). The rules and regulations applicable generally to customer's accounts shall be applicable to each such account.

.22 Conditions to be complied with after organization of subsidiary but prior to commencement of business.—No subsidiary shall commence business after its organization without the prior written approval of the Exchange. Before giving such approval there shall be submitted to the Exchange an opinion of counsel, in form and substance satisfactory to the Exchange, stating (1) that the subsidiary is duly organized and existing, and (2) that the securities, if any, of the subsidiary has been duly and validly issued and is fully paid and non-assessable.

.23 New issues.—The provisions of Section 11(d)(1) of the Securities Exchange Act of 1934, relating to the extension or maintenance of credit in connection with new issues, will apply to transactions by a member or member organization in new issues in the distribution of which its subsidiary participated with the same force and to the same extent as if the member or member organization itself had participated in the distribution of such new issues.

.24 Disclosure.—In connection with any transactions which the member or member organization may have had with its customers, or any recommendation which the member or member organization may make to its customers, involving securities underwritten, distributed or sold by its subsidiary, full disclosure shall be made by the member or member organization to its customers of the interest of the subsidiary in such securities at that time.

* * * * *

Guarantees by, or Flow Through Benefits for Members or Member Organizations

Rule 322 – NYSE Alternext Equities. Prior written notice shall be given the Exchange whenever any member or any member organization:

(a) guarantees, endorses or assumes, directly or indirectly, the obligations or liabilities of another person; or

(b) receives flow through capital benefits in accordance with Appendix C of Rule 15c3-1 under the Securities Exchange Act of 1934.

••• Supplementary Material:

.10 Financial and Operational Impact.—The written notice required by this rule shall be given to the Exchange at least 10 business days prior to entering into such arrangement or

relationship with another person and shall include the address and general nature of business conducted by such person, a description of the relationship or arrangement between the parties, details regarding the capitalization of such person (including the percentage of ownership or profits by the member or member organization), as well as the actual and potential effect of the arrangement or relationship on the member or member organization's capital (including net capital) and operations and such other information as the Exchange may require.

.11 Dealings with member or member organization.—A member or member organization may at any time be required to provide the Exchange with information with respect to the arrangement, relationship and dealings with a person referred to in this rule.

.12 Books and records.—No member or member organization shall enter into an arrangement described in this rule unless it has the authority to make available promptly the books and records of such person for inspection by the Exchange in the United States. The books and records of such person shall be kept separately from those of the member or member organization.

.13 FOCUS Reporting Requirements.—For persons referred to in this rule that are registered broker-dealers, the member organization shall furnish to the Exchange copies of such person's FOCUS Reports simultaneous with their being filed with the person's designated examining authority. For persons referred to in this rule that are not registered broker-dealers, the Exchange requires, in lieu of FOCUS, submission of financial and operational statements, in such format and at such time periods as may be required by the Exchange, sufficient to gauge the capital and operational effects of the arrangement or relationship. See also Rule 416.10 – NYSE Alternext Equities.

.14 Foreign branch offices.—See Rule 342.12 – NYSE Alternext Equities.

.15 Routine guarantees.—Guarantees executed routinely in the normal course of business such as signature guarantees, endorsement of securities and the writing of options, are not subject to the requirements of this rule provided that, in regard to the guarantee of the writing of options, the transaction is appropriately recorded on the member's or member organization's books and records in accordance with Securities Exchange Act Rule 17a-3(a)(10) and is reflected in its capital computation.

.16 Severance of connection.—The Exchange may at any time require that the member or member organization and the partners or stockholders thereof sever all connections with a person referred to in this rule including the disposition of all securities and other interests therein, or such amount thereof as determined by the Exchange. Concurrent with or at any time after directing such severance, the Exchange may require the member organization to change its name if the Exchange finds that the name of the former associated organization may be confused with the name of such member organization.

(See also Rule 321 – NYSE Alternext Equities)

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Rules 323 – NYSE Alternext Equities—324 – NYSE Alternext Equities. Reserved.

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Capital Requirements Member Organizations

General provisions

Rule 325 – NYSE Alternext Equities. (a) Each member organization shall comply with the net capital requirements prescribed by Rule 15c3-1 under the Securities Exchange Act of 1934 (the “Exchange Act”) and with the additional requirements of this Rule 325 – NYSE Alternext Equities.

(b)(1) Each member organization subject to this Rule shall promptly, but in any event within 24 hours, notify the Exchange if its net capital after deduction of all capital withdrawals (including maturities) scheduled during the next six months falls below the following percentages:

- i. If the net capital minimum dollar amount requirement is applicable—150 percent thereof or some greater percentage as may from time to time be designated by the Exchange.
- ii. If the ratio of aggregate indebtedness to net capital is applicable—10 percent of aggregate indebtedness.
- iii. If the alternative net capital requirement percentage is applicable—five percent of the aggregate debit items in the Formula for Determination of Reserve Requirements for Brokers and Dealers under Exchange Act Rule 15c3-3.
- iv. If the risk-based capital requirements of Commodity Exchange Act Rule 1.17 is applicable - 120% of the risk-based capital requirements.

(2) Each member organization shall notify the Exchange, in writing, no more than 48 hours after its tentative net capital (net capital before application of haircuts and undue concentration charges), as computed pursuant to Exchange Act Rule 15c3-1, has declined 20 percent or more from the amount reported in its most recent FOCUS Report filed with the Exchange.

(3) Each member organization shall concurrently provide the Exchange with a copy of any report or notification made to the Securities and Exchange Commission pursuant to Exchange Act Rule 17a-11 or Commodities Exchange Act Regulation 1.12.

(c)(1) In computing net capital, a long put option or a long call option which is not an obligation of a clearing agency registered under the Exchange Act, or has not been endorsed or guaranteed by a member organization, shall have no value and shall not operate to increase net capital under any provision of this Rule. However, this shall not apply to a member organization approved to use the alternative method of computing net capital pursuant to Exchange Act Rule 15c3-1e.

(2) In the case of member organizations whose trading shows a pattern of purchasing and selling the same listed stock on the same day, (or all member organizations when so designated by the Exchange), during the period in which any special margin requirement is in effect, any new proprietary transaction of members or member organizations resulting in a long or short position,

shall, notwithstanding any other provision of this Rule, be treated as a “contractual commitment” from the trade date to the settlement date and shall be subject to a charge to net capital of the same percentage as specified in the special margin requirement, excepting in the case of the specialist in that stock or of others who at the request of a Floor Official have participated in a difficult market situation.

(d) The Exchange may at any time or from time to time with respect to a particular member organization or all member organizations or a new member organization prescribe greater net capital or net worth requirements than those prescribed under this Rule including more stringent treatment of items in computing net capital or net worth.

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Growth Capital Requirement

Rule 326 – NYSE Alternext Equities. (a) A member organization that carries customer accounts shall not expand its business during any period in which:

(1) any of the following conditions continue to exist for more than 15 consecutive business days, provided that such condition has been known to the Exchange for at least five consecutive business days:

a. The member organization's net capital is less than 150 percent of its minimum dollar net capital requirement or such greater percentage thereof as may from time to time be designated by the Exchange.

b. The member organization is subject to the aggregate indebtedness requirement of Rule 15c3-1 under the Securities Exchange Act of 1934 (the “Exchange Act”), and its aggregate indebtedness is more than 1,000 percent of its net capital.

c. The member organization elects to use the alternative method of computing net capital pursuant to Exchange Act Rule 15c3-1(a)(1)(ii), and its net capital is less than five percent of the aggregate debit items in the Formula for Determination of Reserve Requirements for Brokers and Dealers under Exchange Act Rule 15c3-3.

d. The member organization is approved to use the alternative method of computing net capital pursuant to Exchange Act Rule 15c3-1e, and

(i) its tentative net capital as defined in Exchange Act Rule 15c3-1(c)(15) is less than 50 percent of the early warning notification amount required by Exchange Act Rule 15c3-1(a)(7)(ii), or

(ii) its net capital is less than \$1.25 billion.

e. The member organization is registered as a Futures Commission Merchant pursuant to the Commodity Exchange Act, and its net capital is less than 120% of the minimum risk-based capital requirements of Commodity Exchange Act Rule 1.17

f. The member organization's deduction of capital withdrawals including maturities scheduled during the next six months and/or special deduction from net capital set forth in Rule 431(e)(8)(C)(iii) – NYSE Alternext Equities would result in any one of the conditions described in 1a, 1b, 1c, 1d or 1e of Section (a) of this Rule, or

(2) The Exchange restricts the member organization.

* * * * *

Business Reduction Capital Requirement

Rule 326 – NYSE Alternext Equities(b). A member organization that carries customer accounts shall forthwith reduce its business;

(1) to a point enabling its available capital to meet the standards set forth in 1a, 1b, 1c, 1d or 1e of Rule 326(a) – NYSE Alternext Equities if any of the following conditions continue to exist for more than 15 consecutive business days provided that such condition has been known to the Exchange for at least five consecutive business days:

a. The member organization's net capital is less than 125 percent of its minimum dollar net capital requirement or such greater percentage thereof as may from time to time be designated by the Exchange.

b. The member organization is subject to the aggregate indebtedness requirement of Exchange Act Rule 15c3-1, and its aggregate indebtedness is more than 1,200 percent of its net capital.

c. The member organization elects to use the alternative method of computing net capital pursuant to Exchange Act Rule 15c3-1(a)(1)(ii), and its net capital is less than four percent of the aggregate debit items in the Formula for Determination of Reserve Requirements for Brokers and Dealers under Exchange Act Rule 15c3-3.

d. The member organization is approved to use the alternative method of computing net capital pursuant to Exchange Act Rule 15c3-1e, and

(i) its tentative net capital as defined in Exchange Act Rule 15c3-1(c)(15) is less than 40 percent of the early warning notification amount required by Exchange Act Rule 15c3-1(a)(7)(ii), or

(ii) its net capital is less than \$1 billion.

e. The member organization is registered as a Futures Commission Merchant pursuant to the Commodity Exchange Act, and its net capital is less than 110% of the minimum risk-based capital requirements of Commodity Exchange Act Rule 1.17

f. The member organization's deduction of capital withdrawals including maturities scheduled during the next six months and/or special deduction from net capital set forth in Rule 431(e)(8)(C)(iii) – NYSE Alternext Equities would result in any one of the conditions described in 1a, 1b, 1c, 1d, or 1e of Section (b) of this Rule, or

(2) When the Exchange restricts the member organization.

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Unsecured Loans and Advances

Rule 326 – NYSE Alternext Equities(c). No drawings, unsecured or partly secured loans or advances of funds by a member organization to any partner, director, officer employee, stockholder, subordinated lender, secured demand note contributor or persons or entities related to, controlled by, under common control with such persons or in which such persons are employed, hold office or have a financial interest and no guarantees of obligations of any person shall be made, except with prior written approval of the Exchange, when any of the following conditions exist in a member organization, or if such drawings, loans, advances or guarantees would result in any of the following conditions:

(1) Its net capital is less than 150 percent of its minimum dollar net capital requirement or some greater percentage as may from time to time be designated by the Exchange, or

(2) If subject to this requirement, its aggregate indebtedness is more than 1,000 percent of its net capital, or

(3) If the net capital of a member organization that uses the alternative method of computing net capital pursuant to Exchange Act Rule 15c3-1(a)(1)(ii) in lieu of (2) above is less than five percent of the aggregate debit items in the Formula for Determination of Reserve Requirements for Brokers and Dealers under Exchange Act Rule 15c3-3.

(4) If the net capital of a member organization that is registered as a Futures Commission Merchant pursuant to the Commodity Exchange Act is less than 120% of the minimum risk-based capital requirements of Commodity Exchange Act Rule 1.17.

(5) Capital withdrawals including maturities scheduled during the next six months would result in the condition described in (1), (2) or (3) above.

Note: Applicable state laws should also be reviewed for restrictions on unsecured loans by corporations and partnerships.

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Rule 326 – NYSE Alternext Equities(d). Except with the prior written approval of the Exchange, a member organization which has outstanding any unsecured or partly secured loans or advances of funds, or guarantees of obligations of the nature described in (c)(1) through (4) above, shall forthwith reduce or eliminate such unsecured or partly secured amounts due from such

borrowers, or otherwise restore its capital to a point where the conditions described in (c)(1) through (4) did not exist, if any of the following conditions exist at the member organization:

(1) Its net capital is less than 125 percent of its net capital minimum dollar amount requirement, or some greater percentage as may from time to time be designated by the Exchange, or

(2) If subject to this requirement, its aggregate indebtedness is more than 1,200 percent of its net capital, or

(3) If the net capital of a member organization that uses the alternative method of computing net capital pursuant to Exchange Act Rule 15c3-1(a)(1)(ii) in lieu of (2) above is less than four percent of the aggregate debit items in the Formula for Determination of Reserve Requirements for Brokers and Dealers under Exchange Act Rule 15c3-3, or

(4) If the net capital of a member organization that is registered as a Futures Commission Merchant pursuant to the Commodity Exchange Act is less than 110% of the minimum risk-based capital requirements of Commodity Exchange Act Rule 1.17.

(5) Capital withdrawals including maturities scheduled during the next six months would result in the condition described in (1), (2), (3) or (4) above.

••• Supplementary Material:

.10 Expansion of business.—For the purpose of this rule, expansion of business shall mean:

(a) net increase in the number of registered representatives or other producing personnel,

(b) exceeding average commitments over the previous three months for market making or block positioning,

(c) initiation of market making in new securities or any new firm trading or other commitment in securities or commodities in which a market is not made (other than riskless trades associated with customer orders),

(d) exceeding average commitments over the previous three months for underwritings,

(e) opening of new branches,

(f) entering any new line of business or deliberately promoting or expanding any present lines of business,

(g) such other measures as the Exchange may determine.

.11 Business reduction.—For the purposes of this rule, the term “business reduction” shall mean reducing or eliminating parts of a member organization's business in order to reduce the amount of capital required, such as disposing of branch offices, reducing trades, reducing or ceasing market making or underwriting, introducing accounts on a disclosed basis, and the like.

.12 **Business with restricted organization.**—The prohibitions of this rule shall apply to any member organization which introduces accounts on a disclosed basis to or clears on omnibus basis through another member organization which is prohibited from expanding or required to reduce its business under this rule, insofar as such business would be handled by such carrying or clearing member organization.

.13 **Subordination agreements.**—For the purposes of increasing an organization's total subordinated liabilities and capital available as protection to customers, a member organization may enter into subordination agreements which are not allowed as good capital under Rule 325 – NYSE Alternext Equities. Such agreements may place at the risk of the business margin accounts, securities, collateral in excess of face value of Secured Demand Notes, partners' personal accounts and the like. Such subordinations must be in a form acceptable to and filed with the Exchange and must be shown separately in financial statements and similar documents.

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Rule 327 – NYSE Alternext Equities. Reserved.

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Sale-And-Leasebacks, Factoring, Financing and Similar Arrangements

Rule 328 – NYSE Alternext Equities. (a) No member organization shall consummate a sale-and-leaseback arrangement with respect to any of its assets; a sale, factoring or financing arrangement with respect to any unsecured accounts receivable; or a sale or factoring arrangement with respect to any customers' debit balances without the prior written authorization of the Exchange.

(b) Any loan agreement the proceeds of which is intended to reduce the deduction in computing net capital for fixed assets and assets which cannot be readily converted into cash under SEC Rule 15c3-1(c)(2)(iv), must be submitted to and be acceptable to the Exchange prior to such reduction becoming effective.

(c) Any agreement relating to a determination of a “ready market” for securities based upon the securities being accepted as collateral for a loan by a bank under SEC Rule 15c3-1(c)(11)(ii) must be submitted to and be acceptable to the Exchange before the securities are deemed to have a “ready market.”

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Rule 329 – NYSE Alternext Equities—340 – NYSE Alternext Equities. Reserved.

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Offices and Employees (Rules 341 – NYSE Alternext Equities—354 – NYSE Alternext Equities)

Addresses of Members

Rule 341 – NYSE Alternext Equities. Every member shall register with the Secretary of the Exchange an address and subsequent changes thereof where notices may be served.

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Offices—Approval, Supervision and Control

Rule 342 – NYSE Alternext Equities.

(a) Each office, department or business activity of a member or member organization (including foreign incorporated branch offices) shall be under the supervision and control of the member or member organization establishing it and of the personnel delegated such authority and responsibility.

The person in charge of a group of employees shall reasonably discharge his duties and obligations in connection with supervision and control of the activities of those employees related to the business of their employer and compliance with securities laws and regulations.

(b) The general partners or directors of each member organization shall provide for appropriate supervisory control and shall designate a general partner or principal executive officer to assume overall authority and responsibility for internal supervision and control of the organization and compliance with securities' laws and regulations. This person shall:

(1) delegate to qualified principals or employees responsibility and authority for supervision and control of each office, department or business activity, and provide for appropriate procedures of supervision and control.

(2) establish a separate system of follow-up and review to determine that the delegated authority and responsibility is being properly exercised.

(c) The prior consent of the Exchange shall be obtained for each office established by a member or member organization, other than a main office.

(d) Qualified persons acceptable to the Exchange shall be in charge of:

(1) any office of a member or member organization,

(2) any regional or other group of offices,

(3) any sales department or activity.

(e) The amounts and types of credit extended by a member organization shall be supervised by members or allied members qualified by experience for such control in the types of business in which the member organization extends credit.

••• Supplementary Material:

.10 Definition of Branch Office.—A ‘branch office’ is any location where one or more associated persons of a member or member organization regularly conduct the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any security, or it held out as such, excluding:

(A) any location that is established solely for customer service and/or back office type functions where no sales activities are conducted and that is not held out to the public as a branch office;

(B) any location that is the associated person’s primary residence; provided that: (i) only one associated person, or multiple associated persons, who reside at that location and are members of the same immediate family, conduct business at the location; (ii) the location is not held out to the public as an office and the associated person does not meet with customers at the location; (iii) neither customer funds nor securities are handled at that location; (iv) the associated person is assigned to a designated branch office, and such branch office is reflected on all business cards, stationery, advertisements and other communications to the public by such associated person; (v) the associated person’s correspondence and communications with the public are subject to all supervisory provisions of the Exchange’s rules including, but not limited to, Rules 342 – NYSE Alternext Equities and 472 – NYSE Alternext Equities; (vi) electronic communications (e.g., e-mail) are made through the member’s or member organization’s electronic system; (vii) all orders are entered through the designated branch office of an electronic system established by the member or member organization that is reviewable at the branch office; (viii) written supervisory procedures pertaining to supervision of sales activities conducted at the residence are maintained by the member or member organization; and (ix) a list of the locations is maintained by the member or member organization;

(C) any location, other than a primary residence, that is used for securities business for less than 30 business days in any one calendar year, provided the member or member organization complies with the provisions of (ii) through (viii) of paragraph (B) above;

(D) any office of convenience, where the associated person occasionally and exclusively by appointment meets with customers, which is not held out to the public as a branch office (where such location is on bank premises, however, only signage required by the Interagency Statement (Statement on Retail Sales of Nondeposit Investment Products required under Banking Regulation) may be displayed);

(E) any location that is used primarily to engage in non-securities activities and from which the associated person effects no more than 25 securities transactions in any one calendar year; provided that any advertisements or sales literature identifying such location also sets forth the address and telephone number of the location from which the associated person conducting business at the non-branch locations are directly supervised;

(F) the Floor of a registered national securities exchange where a member or member organization conducts a direct access business with public customers; or

(G) a temporary location established in response to the implementation of a business continuity plan.

Notwithstanding the exclusions in subparagraphs 342.10(A) – (G) – NYSE Alternext Equities, any location that is responsible for supervising the activities of persons associated with a member or member organization at one or more non-branch locations of such member or member organization is considered to be a branch office.

For purposes of this Rule, the term ‘business day’ shall not include any partial business day provided that the associated person spends at least four hours on such business day at his or her designated branch office during the hours that such office is normally open for business.

For purposes of this Rule, the term ‘associated person of a member or member organization’ is defined as a member, allied member, or employee associated with a member or member organization.

For purposes of Rule 342.10(B)(viii) – NYSE Alternext Equities, written supervisory procedures shall include criteria for on-site for cause reviews of an associated person’s primary residence. Such reviews must utilize risk-based sampling or other techniques designed to assure compliance with applicable securities laws and regulations and with Exchange Rules.

For purposes of Rule 342.10(B)(viii) and (C) – NYSE Alternext Equities, written supervisory procedures for such residences and other remote locations must be designed to assure compliance with applicable securities laws and regulations and with the Exchange Rules.

Factors which should be considered when developing risk-based sampling techniques to determine the appropriateness of on-site for cause reviews of selected residences and other remote locations shall include, but not be limited to, the following: (i) the firm’s size; (ii) the firm’s organizational structure; (iii) the scope of business activities; (iv) the number and location of offices; (v) the number of associated persons assigned to a location; (vi) the nature and complexity of products and services offered; (vii) the volume of business done; (viii) whether the location has a Series 9/10-qualified person on-site; (ix) the disciplinary history of the registered persons or associated persons, including a review of such person’s customer complaints and Forms U4 and U5; and (x) the nature and extent of a registered person’s or associated person’s outside business activities, whether or not related to the securities business.

.11 **Annual Fee.**—Each office of a member organization (including any foreign branch office), other than the main office of the member organization, shall be subject during its existence to a registration fee as determined by the Exchange for each calendar year or part thereof, unless specifically exempted by the Exchange.

.12 **Foreign branch offices.**—With prior approval of the Exchange, a member organization may establish a foreign branch office in corporate or partnership form, provided it is wholly owed by the member organization. Continuance of the arrangement is subject to any changes in the Rules of the Exchange as may be thereafter adopted.

Foreign branch offices approved pursuant to this paragraph .12 and their personnel shall be fully subject to the Rules of the Exchange to the same degree and extent as are members and member organizations and their personnel. All obligations and liabilities of such foreign branch office shall be assumed or guaranteed by its parent member organization and such member organization shall be fully responsible for all acts of such foreign branch office.

For purposes of this Rule 342.12 – NYSE Alternext Equities, the term ‘foreign branch office’ shall include any such independently organized foreign location from which the services of the member or member organization are being made available or whose financial resources are being utilized in the operation of the office or as to which either of the above is held out, respectively, as available or being utilized.

.13 Acceptability of supervisors.

(a) **Generally.**—Any member, allied member or employee who is a candidate for acceptability under (d)(1), (2), or (3) above must have a creditable three year record as a registered representative or equivalent experience, and must pass the General Securities Sales Supervisor Qualification Examination (Series 9/10) or other examination acceptable to the Exchange which demonstrates competency relevant to assigned responsibilities. The General Securities Principal Examination (Series 24), is an acceptable alternative for persons whose duties do not include the supervision of options or municipal securities sales activity. The examination requirement may be waived at the discretion of the Exchange.

(b) **Compliance supervisors.**—Each member not associated with a member organization and in the case of a member organization, the person (or persons) designated to direct day-to-day compliance activity (such as the Compliance Officer, Partner or Director) and each other person at the member organization directly supervising ten or more persons engaged in compliance activity should have overall knowledge of the securities laws and Exchange rules and must pass the Compliance Official Qualification Examination. Where good cause is shown, the Exchange, as its discretion, may waive the examination requirement. The Exchange may give consideration to the scope of the member or member organization’s activity, to previous related employment, and to examination requirements of other self-regulatory organizations. In such cases, the Exchange must be satisfied that the person is qualified for the position.

.14 **Experience of senior management.**—Member organizations without experienced senior principals may be subject to agreements with the Exchange appropriately limiting their scope of activity.

.15 **Small offices.**—may be in the charge of a qualified principal or manager who is either resident or non-resident in that area. In the event that such a qualified supervisor is non-resident, a resident registered representative may be designated for subsidiary authority and is not required to meet a manager’s examination or experience requirements.

.16 **Supervision of registered representatives.**—Would ordinarily include at least approval of new accounts and reasonable procedures for review of registered representatives’ communications with the public relating to their business, and customer accounts and transactions. Such policies and procedures should be in writing and be designed to reasonably supervise each

rotation), the reviews may be conducted by a person, qualified pursuant to Rule 342.13 – NYSE Alternext Equities, in compliance with (a) to the extent practicable.

(c) A member or member organization relying on (b) above must document the factors used to determine that complete compliance with all of the provisions of (a) is not possible, and that the required supervisory systems and procedures in place with respect to any Producing Manager comply with the provisions of (a) to the extent practicable.

.20 **Information requests.**—In connection with its investigation of anomalous trading activity and for other purposes, the Exchange from time to time requests from members and member organizations detailed information regarding trades effected by the member or member organization in specified Exchange listed securities and related financial instruments during a specified period. Each member not associated with a member organization and each member organization shall comply with each such request by the date required by the Exchange.

.21 **Trade review and investigation.**—In order to help assure its compliance with the provisions of the Securities Exchange Act of 1934, the rules under that act and the rules of the Exchange prohibiting insider trading and manipulative and deceptive devices, each member not associated with a member organization and each member organization, in addition to carrying out such other supervisory procedures as may be necessary to discharge its supervisory responsibilities as to compliance with Federal Securities laws and rules and Exchange rules generally shall:

(a) Subject trades in Exchange listed securities and in related financial instruments which are effected for the account of the member or member organization or for the accounts of members, allied members or employees of the member or member organization and their family members (including trades reported by other members or member organizations pursuant to Rule 407 – NYSE Alternext Equities) to review procedures that the member or member organization determines to be reasonably designed to identify trades that may violate the provisions of the Securities Exchange Act of 1934, the rules under that act or the rules of the Exchange prohibiting insider trading and manipulative and deceptive devices, and

(b) Conduct promptly an internal investigation into any such trade that appears that it may have violated those laws and rules in order to determine whether it did violate those laws and rules.

The Exchange, at its discretion, may exclude from these review and investigation requirements particular classes of persons, trades, securities and related financial instruments.

.22 **Definition of related financial instrument.**—For the purpose of Paragraphs .20 and .21, ‘related financial instrument’ means:

(a) Any stock underlying an Exchange listed stock option or included in an index stock group underlying an Exchange listed index stock group option,

(b) Any stock option on an Exchange listed stock,

(c) Any index stock group option on a stock group that includes an Exchange listed stock,

(d) Any futures contract on a stock group that includes an Exchange listed stock, and

(e) Any option on any such futures contract.

.23 Internal Controls.—Pursuant to paragraphs (a) and (b) of this Rule, members and member organizations must develop and maintain adequate controls over each of its business activities. Such controls must provide for the establishment of procedures for independent verification and testing of those business activities. An ongoing analysis, based upon appropriate criteria, may be employed to assess and prioritize those business activities requiring independent verification and testing. A review of each member’s or member organization’s efforts with respect to internal controls, including a summary of tests conducted and significant exceptions identified, must be included in the Annual Report required by .30 of this Rule.

The independent verification and testing procedures shall not apply to members and member organizations that do not conduct a public business, or that have a capital requirement of \$5,000 or less, or that employ 10 or fewer registered representatives.—

(See also Rule 401(b)– NYSE Alternext Equities)

.24 Annual Branch Office Inspection

(A) Each member organization business location designated as a branch office pursuant to Rule 342.10 – NYSE Alternext Equities must be inspected no less often than once each calendar year unless:

(1) it has been demonstrated to the satisfaction of the Exchange that because of proximity, special reporting or supervisory practice, other arrangements may satisfy the Rule’s requirements for a particular branch office; or

(2) based upon the written policies and procedures of such member organization providing for a systematic risk-based surveillance system, the member organization submits a proposal to the Exchange and receives, in writing, an exemption from this requirement pursuant to Rule 342.25 – NYSE Alternext Equities.

(B) Every branch office, without exception, must be inspected at least once every three calendar-years. All required inspections must be conducted by a person who is independent of the direct supervision and control of the branch office in question (i.e., not the Branch Office Manager, or any person who directly or indirectly reports to such Manager, or any person to whom such Manager directly reports). Written reports reflecting the results of such inspections are to be maintained at the member organization for the longer of three years or until the next branch inspection.

.25 Risk-Based Surveillance and Branch Office Identification

(A) Any member organization seeking an exemption, pursuant to Rule 342.24(A)(2) – NYSE Alternext Equities, from the annual branch office inspection requirement must submit to the Exchange written policies and procedures for systematic risk-based surveillance of its branch offices. Such policies and procedures should reflect, among other factors, the member organization’s business model, and product mix. Such policies and procedures must also, at a minimum, provide for:

(1) The inspection of branches where developments during the year require a reconsideration of such branch's exemption;

(2) A requirement that no less than half of the branch offices inspected each year on a cycle basis be done on an unannounced basis; and

(3) A system to enable employees to report compliance issues on a confidential basis outside of the branch office chain of command.

(B) For purposes of paragraph (A) the risk-based factors to be considered should include, but not necessarily be limited to, the following:

(1) Number of registered representatives;

(2) A significant increase in the number of registered representatives;

(3) Number of customers and volume of transactions;

(4) A significant increase in branch office revenues;

(5) Incidence of concentrated securities positions in customers' accounts;

(6) Aggregate customer assets held;

(7) Nature of the business conducted and the sales practice risk to investors associated with the products sold, and product mix (e.g., options, equities, mutual funds, annuities, etc.);

(8) Numbers of accounts serviced on a discretionary basis;

(9) Compliance and regulatory history of the branch, including:

(a) Registered representatives subject to special supervision by the member organization, self-regulatory authorities, state regulatory authorities or the Securities and Exchange Commission in years other than the previous or current year;

(b) Complaints, arbitrations, internal discipline, or prior inspection findings; and

(c) Persons subject to recent disciplinary actions by self-regulatory authorities, state regulatory authorities or the Securities and Exchange Commission.

(10) Operational factors, such as the number of errors and account designation changes per registered representative;

(11) Incidence of accommodation mailing addresses (e.g., post office boxes and 'care of' accounts);

(12) Whether the branch office permits checks to be picked up by customers or hand delivery of checks to customers;

(13) Experience, function (producing or non-producing) and compensation structure of branch office manager;

(14) Branch offices recently opened or acquired; and

(15) Changes in branch location, status or management personnel.

(C) Notwithstanding any policies or procedures implemented pursuant to this rule, branch offices that meet any of the following criteria must be inspected no less often than once each calendar year:

(1) Offices with one or more registered representatives subject to special supervision as required by a self-regulatory authority or state regulatory authority during the current or immediately preceding year;

(2) Offices with 25 or more registered individuals;

(3) Offices in the top 20% of production or customer assets for the member organization;

(4) Any branch office not inspected within the previous two calendar years; and

(5) Any branch office designated as exercising supervision over another branch office.

.26 Criteria for Inspection Programs

(A) An annual branch office inspection program must include, but is not limited to, testing and independent verification of internal controls related to the following areas:

(1) Safeguarding of customer funds and securities;

(2) Maintaining books and records;

(3) Supervision of customer accounts serviced by Branch Office Managers;

(4) Transmittal of funds between customers and registered representatives and between customers and third parties;

(5) Validation of customer address changes; and

(6) Validation of changes in customer account information.

.30 Annual Report and Certification.—By April 1 of each year, each member not associated with a member organization and each member organization shall submit to the Exchange a report on the member or member organization’s supervision and compliance effort during the preceding year and on the adequacy of the member or member organization’s ongoing compliance processes and procedures. The report shall include:

(a) A tabulation of the reports pertaining to customer complaints and internal investigations made to the Exchange during the preceding year pursuant to Rules 351(d) – NYSE Alternext Equities and 351(e)(ii) – NYSE Alternext Equities,

(b) Identification and analysis of significant compliance problems, plans for future systems or procedures to prevent and detect violations and problems, and an assessment of the preceding year’s efforts of this nature, and

(c) Discussion of the preceding year’s compliance efforts, new procedures, educational programs, etc. in each of the following areas (if any of these areas do not apply to the member or member organization, the report should so state):

(i) Antifraud and trading practices,

(ii) Investment banking activities,

(iii) Sales practices,

(iv) Books and records,

(v) Finance and operations,

(vi) Supervision,

(vii) Internal Controls, and

(viii) Anti-money laundering.

(d) For each member organization, the designation of a general partner or principal executive officer as Chief Compliance Officer (which designation shall be updated on Schedule A of Form BD).

(e) A certification signed by the member, or by the member organization’s Chief Executive Officer (or equivalent officer), that:

(i) The member or member organization has in place processes to:

(A) establish and maintain policies and procedures reasonably designed to achieve compliance with applicable Exchange rules and federal securities laws and regulations,

(B) modify such policies and procedures as business, regulatory and legislative changes and events dictate, and

(C) test the effectiveness of such policies and procedures on a periodic basis, the timing and extent of which is reasonably designed to ensure continuing compliance with Exchange and federal securities laws and regulations.

(ii) In member organizations, the Chief Executive Officer (or equivalent officer) conducted one or more meetings with the organization’s Chief Compliance Officer during the preceding 12

months, and that they discussed and reviewed the matters described in this certification, including the organization's prior compliance efforts, and identified and addressed significant compliance problems and plans for emerging business areas.

(iii) In member organizations, the processes described in item (i), above, are evidenced in a report reviewed by the Chief Executive Officer (or equivalent officer), Chief Compliance Officer, and such other officers as the organization may deem necessary to make this certification, and submitted to the organization's board of directors and audit committee (if such committee exists) on or before April 1st of each year.

(iv) In member organizations, the Chief Executive Officer (or equivalent officer) has consulted with the Chief Compliance Officer and other officers referenced in item (iii), above, and such other employees, outside consultants, lawyers and accountants, to the extent they deem appropriate, in order to attest to the statements made in this certification.

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Offices—Branch Office Space-Sharing Arrangements and Main Office Business Hours

Rule 343 – NYSE Alternext Equities. (a) Unless otherwise permitted by the Exchange, each office or foreign incorporated branch of a member or member organization shall not be occupied jointly with any other broker or dealer, investment advisor, or other person who conducts a securities or commodities business with the public. Types of office space arrangements deemed permissible are described below:

(1) Clearing member organizations may furnish office space, telephone, ticker or any other facilities, to their introducing non-clearing member organizations.

(2) A branch or main office sales area of a member or member organization may be shared with any other broker or dealer, investment advisor or other person who conducts a securities or commodities business with the public, provided the member or member organization furnishes the Exchange with the following written assurances:

(A) The arrangement is not contrary to the rules of any self-regulatory organization; and

(B) there is little or no customer traffic in the office of either organization; and

(C) sufficient separation exists to enable customers who do visit to identify the individual or organization with which they are transacting business; and

(D) employees can be clearly identified as to their respective employer; and

(E) clearance has been obtained from the member organization's fidelity insurance carrier and auditors.

(3) Notwithstanding the requirements set forth in (2) above, the Exchange will permit a member or member organization to share office space with any other broker or dealer, investment advisor or other person who conducts a securities or commodities business with the public if the following conditions are met:

(A) such space is separated by ceiling-high solid walls; and

(B) such space has direct access to a public hall, main corridor or street; and

(C) the name of each organization is placed on the door to such space; and

(D) there are no connecting doors or windows between the space to be jointly occupied; and

(E) the names are not listed under the same telephone number, and the telephone number of the member is not used on the letterhead or on any advertising of any other member or non-member. (Also see Rule 36.60 – NYSE Alternext Equities.)

(b) Members and member organizations may share office space with any person who is not a broker or dealer, an investment advisor, or who does not conduct a securities or commodities business with the public.

(c) Unless otherwise permitted by the Exchange, the main office of every member organization shall remain open for business on every full business day during the trading hours on the Exchange.

••• Supplementary Material:

Information Regarding Office Space Arrangements

.10 A non-clearing member organization which has been afforded facilities by its clearing member organization may permit its registered employees to perform their regular duties in the board room of the clearing organization, only if such employees of the non-clearing organization wear badges identifying them as employees of such organization.

When two or more non-clearing member organizations share the facilities of a single board room all employees of such member organizations must wear badges identifying them as employees of their respective member organization employers. It is the duty of the clearing organization to see that this requirement is observed.

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Research Analysts and Supervisory Analysts

Rule 344 – NYSE Alternext Equities. Research analysts and supervisory analysts must be registered with, qualified by, and approved by the Exchange.

••• Supplementary Material:

.10 For purposes of this Rule, the term “research analyst” includes a member, allied member, associated person or employee who is primarily responsible for the preparation of the substance of a research report and/or whose name appears on such report. Such research analysts must pass a qualification examination acceptable to the Exchange.

.11 For purposes of this Rule, the term “supervisory analyst” includes a member, allied member, or employee who is responsible for preparing or approving research reports under Rule 472(a)(2) – NYSE Alternext Equities. In order to show evidence of acceptability to the Exchange as a supervisory analyst, a member, allied member, or employee may do one of the following:

(1) Present evidence of appropriate experience and pass an Exchange Supervisory Analyst Examination (Series 16).

(2) Present evidence of appropriate experience and successful completion of a specified level of the Chartered Financial Analysts Examination prescribed by the Exchange and pass only that portion of the Exchange Supervisory Analyst Examination (Series 16) dealing with Exchange rules on research standards and related matters.

The Exchange publishes a Study Outline for the Research Analyst Examination and the Supervisory Analyst Examination (Series 16).

.12 For purposes of this Rule, the term “associated person” is defined as a natural person engaged in investment banking, or a securities or kindred business, who is directly or indirectly controlling or controlled by a member or member organization, whether or not any such person is registered, applying for registration or exempt from registration with the Exchange.

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Employees—Registration, Approval, Records

Rule 345 – NYSE Alternext Equities. (a) No member or member organization shall permit any natural person to perform regularly the duties customarily performed by (i) a registered representative, (ii) a securities lending representative, (iii) a securities trader or (iv) a direct supervisor of (i), (ii) or (iii) above, unless such person shall have been registered with, qualified by and is acceptable to the Exchange.

(b) No member or member organization shall permit any natural person, other than a member or allied member, to assume the duties of an officer with the power to legally bind such member or member organization unless such member or member organization has filed an application with and received the approval of the Exchange.

(See Rule 346(f) – NYSE Alternext Equities) which prohibits association with any natural person or entity subject to a “statutory disqualification”.)

••• Supplementary Material:

Registration of Employees

.10 Employees required to be registered or approved.— See definitions of "branch office manager" and "registered representative" contained in Rules 9 – NYSE Alternext Equities and 10 – NYSE Alternext Equities and Rule 342 – NYSE Alternext Equities for qualification requirements for supervisors. A “securities lending representative” is defined as any person who has discretion to commit his member or member organization employer to any contract or agreement (written or oral) involving securities lending or borrowing activities with any other person.

A “securities trader” is defined as any person engaged in the purchase or sale of securities or other similar instruments for the account of his employer and who does not transact any business with the public.

.11 Investigation and Records

(a) Members and member organizations shall thoroughly investigate the previous record of persons whom they contemplate employing including, (1) persons required to be registered with the Exchange, (2) persons who regularly handle or process securities or monies or maintain the books and records relating to securities or monies and (3) persons having direct supervisory responsibility over persons engaged in the activities referred to in (1) and (2) above who are not otherwise required to be registered.

Investigatory requirements for persons required to be registered with the Exchange (referred to in (a)(1) above) shall be satisfied when the member or member organization fulfills its obligation to verify the information contained in the Uniform Application for Securities Industry Registration or Transfer (Form U-4) and reviews the most recent Form U-5, as described below, if applicable.

In addition, a member or member organization shall obtain from an applicant, if applicable, a copy of his or her Uniform Termination Notice of Securities Industry Registration (Form U-5) and any amendments filed thereto, by the most recent employer. A member or member organization shall request said Form U-5 from any person who was previously registered with the Exchange or other self-regulatory organization that requires its members to provide a copy of Form U-5 to its terminated registered persons. (See also Rule 345.17 – NYSE Alternext Equities.)

The member or member organization shall obtain said Form U-5 no later than sixty (60) days following the filing of the application for registration or demonstrate to the Exchange that it has made reasonable efforts to comply with the requirement. A member or member organization receiving a Form U-5 pursuant to this provision shall review the Form U-5 and any amendment thereto as part of its investigatory process and shall take such action as may be deemed appropriate.

Investigatory requirements pertaining to persons specified in (a)(2) and (3) above shall be satisfied if a member or member organization verifies the information obtained pursuant to paragraph (c) below. Notwithstanding the above, further inquiry shall be made where appropriate in light of background information developed, the position for which the person is being considered or other circumstances. Investigation and verification shall be done by a member, allied member or person designated under the provisions of Rule 342(b)(1) – NYSE Alternext Equities.

(b) Any applicant for registration who receives a request for a copy of his or her Form U-5 from a member or member organization pursuant to (a) above shall provide such copy to the member or member organization within two (2) business days of the request if the Form U-5 has

been provided to such person by his or her former employer. If an employer has failed to provide the Form U-5 to the applicant for registration, such person shall promptly request the Form U-5, and shall provide it to the requesting member or member organization within two (2) business days of receipt thereof. The applicant shall promptly provide any subsequent amendments to a Form U-5 he or she receives to the requesting member or member organization.

(c) Members and member organizations are reminded to obtain and keep on file all information required under Rule 17a-3(a)(12) of the Securities Exchange Act of 1934 for persons included within the definition of “associated person” pursuant to Rule 17a-3(a)(12)(ii). In addition, the Exchange requires that a record be kept of whether a bonding company has ever denied or revoked, or paid out on any bond because of such person.

If an employee is registered with the Exchange, a duplicated copy of Form U-4 signed by an authorized person shall satisfy all the recordkeeping requirements of this paragraph.

.12 **Applications:** Applications for all natural persons required to be registered with the Exchange shall be submitted to the Exchange on Form U-4, copies of which will be supplied on request. The application for the approval of such registered person shall be completed and filed upon the candidate's employment in order that processing may be completed by the time the training period is finished. (See .18—Filing With Agent.)

The information contained on Form U-4 must be kept current and shall be updated by the filing with the Exchange of an amendment to that form.

.13 **Agreements.**—Prior to the Exchange's consideration of the application, each candidate for registration, other than a member or allied member of the Exchange shall sign an agreement(s), on a form(s) prescribed by the Exchange, which includes a pledge that the registered person will abide by the Rules adopted pursuant thereto as these now exist and as from time to time amended.

.14 **Payment of fees.**—Members and member organizations shall pay registration, maintenance, filing, and other related fees as prescribed by the Exchange.

.15 **Qualifications**

(1)(a) **Candidates for registration.**—Candidates for registration, shall qualify by meeting the training requirement and by passing a qualification examinations, as applicable, which is acceptable to the Exchange.

(b) **Training and Examination waivers.**—Where good cause is shown, the training and/or examination requirement for a candidate for registration may be waived at the discretion of the Exchange. Consideration may be given to previous related employment and to training and/or examination requirements of other self-regulatory organizations. In such cases, the Exchange must be satisfied that the candidate is qualified for registration.

(2) **Registered representatives.**—The training requirement for registered representative candidates is four months. Such candidates shall pass a qualifying examination acceptable to the Exchange.

(3) **Limited registration.**—Applications as limited purpose registered representative candidates will be considered by the Exchange for those duly qualified persons whose activities are limited solely to the solicitation or handling of the sale or purchase of: investment company securities and variable contracts, insurance premium funding program, direct participation programs, and municipal securities, among other limited registration categories. Limited purpose registered representative candidates shall qualify by satisfying a two-month training requirement and passing a qualification examination acceptable to the Exchange.

(4) **Reserved.**

(5) **Securities traders and their direct supervisors.**—Securities traders candidates shall pass a qualification examination acceptable to the Exchange.

(6) **Commodities solicitors.**—Individuals who are engaged in the solicitation or handling of business in, or the sale of, commodities futures contracts shall demonstrate their competency by satisfying a solicitor's examination requirement of a national commodities exchange, which examination is acceptable to the Exchange.

.16 **Power of Exchange over all employees.**—The Exchange may require at any time that the name, terms of employment, and actual duties of any person employed by a member or member organization shall be stated to the Exchange, together with such other information with respect to such employee as it may deem appropriate to permit it to enforce compliance with the Rules.

General Information Regarding Employees

.17 Termination of employment

(a) The discharge or termination of employment of any registered person together with the reasons thereof, shall be reported promptly, but in any event not later than thirty days following termination, to the Exchange on a U-5 Form. (See .18—Filing With Agent.) A copy of said termination notice shall be provided concurrently to the person whose association has been terminated.

(b) The member or member organization shall provide written notification to the Exchange by means of an amendment to Form U-5, filed pursuant to paragraph (a) above, in the event that the member or member organization learns of facts or circumstances causing any information set forth in said notice to become inaccurate or incomplete. Such amendment shall be filed with the Exchange and provided to the person whose association has been terminated not later than thirty days after the member or member organization learns of the facts or circumstances giving rise to the amendment.

.18 **Filing With Agent.**—Any filing or submission required to be made with the Exchange under this rule, where appropriate, may be made with a properly authorized agent acting on behalf of the Exchange and shall be deemed to be a filing with the Exchange.

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Continuing Education For Registered Persons

Rule 345A – NYSE Alternext Equities. (a) Regulatory Element.—No member or member organization shall permit any registered person to continue to, and no registered person shall continue to, perform duties as a registered person, unless such person has complied with the continuing education requirements of Section (a) of this Rule.

(1) Each registered person shall complete the Regulatory Element of the continuing education program on the occurrence of their second registration anniversary date and every three years thereafter or as otherwise prescribed by the Exchange. On each occasion, the Regulatory Element must be completed within one hundred twenty days after the person's registration anniversary date. A person's initial registration date, also known as the “base date”, shall establish the cycle of anniversary dates for purposes of this Rule. The content of the Regulatory Element of the program shall be determined by the Exchange for each registration category of persons subject to the rule.

(2) Failure to complete.—Unless otherwise determined by the Exchange, any registered persons who have not completed the Regulatory Element of the program within the prescribed time frames will have their registration deemed inactive until such time as the requirements of the program have been satisfied. Any person whose registration has been deemed inactive under this Rule shall cease all activities as a registered person and is prohibited from performing any duties and functioning in any capacity requiring registration. The Exchange may, upon application and a showing of good cause, allow for additional time for a registered person to satisfy the program requirements.

(3) Disciplinary Actions.—Unless otherwise determined by the Exchange, a registered person will be required to re-take the Regulatory Element of the program and satisfy the program's requirements in their entirety in the event such person:

(i) becomes subject to any statutory disqualification as defined in Section 3(a)(39) of the Securities Exchange Act of 1934 (see also Rule 346(f) – NYSE Alternext Equities);

(ii) becomes subject to suspension or to the imposition of a fine of \$5,000 or more for violation of any provision of any securities law or regulation, or any agreement with or rule or standard of conduct of any securities governmental agency, securities self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding; or

(iii) is ordered pursuant to a disciplinary proceeding to re-take the Regulatory Element by any securities governmental agency or securities self-regulatory organization.

A re-taking of the Regulatory Element shall commence with participation within one hundred twenty days of the registered person becoming subject to the statutory disqualification, in the case of (i) above, or the completion of the sanction or the disciplinary action becoming final, in the case of (ii) and (iii) above. The date that the disciplinary action becomes final will be deemed the person's new base date for purposes of this Rule.

(b) Firm Element

(1) Persons Subject to the Firm Element.—The requirements of Section (b) of this Rule shall apply to any registered person who has direct contact with customers in the conduct of the

member's or member organization's securities sales, trading or investment banking activities, and to the immediate supervisors of such persons, and to registered persons who function as supervisory analysts, and research analysts as defined in Rule 344 – NYSE Alternext Equities (collectively, “covered registered persons”).

(2) Standards

(i) Each member and member organization must maintain a continuing and current education program for its covered registered persons to enhance their securities knowledge, skills and professionalism. At a minimum, each member and member organization shall at least annually evaluate and prioritize its training needs and develop a written training plan. The plan must take into consideration the member's or member organization's size, organizational structure, and scope of business activities, as well as regulatory developments and the performance of covered registered persons in the Regulatory Element. If a member's or member organization's analysis determines a need for supervisory training for persons with supervisory responsibilities, such training must be included in the member's or member organization’s training plan.

(ii) **Minimum Standards for Training Programs.**—Programs used to implement a member's or member organization's training plan must be appropriate for the business of the member or member organization and, at a minimum, must cover the following matters concerning securities products, services and strategies offered by the member or member organization:

- a. General investment features and associated risk factors;
- b. Suitability and sales practice considerations; and
- c. Applicable regulatory requirements.

(iii) **Administration of Continuing Education Program.**—Each member and member organization must administer its continuing education program in accordance with its annual evaluation and written plan and must maintain records documenting the content of the programs and completion of the programs by covered registered persons.

(3) **Participation in the Firm Element.**—Covered registered persons included in a member's or member organization's plan must take all appropriate and reasonable steps to participate in continuing education programs as required by the member or member organization.

(4) **Specific Training Requirements.**—The Exchange may require a member or member organization, either individually or as part of a larger group, to provide specific training to its covered registered persons in such areas the Exchange deems appropriate. Such a requirement may stipulate the class of covered registered persons for which it is applicable, the time period in which the requirement must be satisfied and, where appropriate, the actual training content.

••• Supplementary Material:

.10 For purposes of this Rule, the term “registered person” means any member, allied member, registered representative, or other person registered or required to be registered under

Exchange rules, but does not include any such person whose activities are limited solely to the transaction of business on the Floor with members or registered broker-dealers.

.20 For purposes of this Rule, the term “customer” means any natural person or any organization, other than a registered broker or dealer, executing transactions in securities or other similar instruments with or through, or receiving investment banking services from, a member or member organization.

.30 Any registered person who has terminated association with a registered broker or dealer and who has, within two years of the date of termination, become reassociated in a registered capacity with a registered broker or dealer shall participate in the Regulatory Element of the continuing education program at such intervals that apply (second registration anniversary and every three years thereafter) based on the initial registration anniversary date, rather than based on the date of reassociation in a registered capacity.

Any former registered person who becomes reassociated in a registered capacity with a registered broker or dealer more than two years after termination as such will be required to satisfy the program's requirements in their entirety (second registration anniversary and every three years thereafter), based on the most recent registration date.

.40 Any registration that is deemed inactive for a period of two calendar years pursuant to section (a)(2) of this Rule for failure of a registered person to complete the Regulatory Element, shall be terminated. A person whose registration is so terminated may become registered only by reapplying for registration and satisfying applicable registration and qualification requirements of Exchange rules (see Rule 345 – NYSE Alternext Equities).

.50 Pursuant to Rule 345 A(b)(1) – NYSE Alternext Equities, all persons registered as research analysts and supervisory analysts pursuant to Rule 344 – NYSE Alternext Equities must participate in a Firm Element Continuing Education program that includes training in applicable rules and regulations, ethics, and professional responsibility.

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Limitations—Employment and Association with Members and Member Organizations

Rule 346 – NYSE Alternext Equities. (a) Every member not associated with a member organization must be a registered broker or dealer unless exempted by the Securities Exchange Act of 1934.

(b) Without making a written request and receiving the prior written consent of his member or member organization employer, no member, allied member or employee of a member or member organization shall at any time be engaged in any other business; or be employed or compensated by any other person; or serve as an officer, director, partner or employee of another business organization; or own any stock or have, directly or indirectly, any financial interest in any other organization engaged in any securities, financial or kindred business; provided however, that such written request and consent shall not be required with regard to stock ownership or other financial interest in any securities, financial or kindred business which is publicly owned unless a control relationship exists.

(See also requirements of Rules 311 – NYSE Alternext Equities and 350 – NYSE Alternext Equities.)

(c) Prompt written notice shall be given the Exchange whenever any member or member organization knows, or in the exercise of reasonable care should know, that any person, other than a member, allied member or employee, directly or indirectly, controls, is controlled by or is under common control with such member or member organization. (See also Rule 321 – NYSE Alternext Equities.)

(d) No member shall qualify more than one member organization for membership.

(e) Unless otherwise permitted by the Exchange every member, allied member, registered representative and officer of a member organization who is assigned or delegated any responsibility or authority pursuant to Rule 342 – NYSE Alternext Equities shall devote his entire time during business hours to the business of such member or member organization.

(f) Except as otherwise permitted by the Exchange, no member, member organization, allied member, approved person, employee or any person directly or indirectly controlling, controlled by or under common control with a member or member organization shall have associated with him or it any person who is known, or in the exercise of reasonable care should be known, to be subject to any “statutory disqualification” defined in Section 3(a)(39) of the Securities Exchange Act of 1934. Any member organization seeking permission to have such a person continue to be or become associated with it shall pay a fee in an amount to be determined by the Exchange.

••• Supplementary Material:

.10 In connection with paragraph (e) above, the Exchange will permit a member, allied member, registered representative or officer of a member or member organization who is assigned or delegated any responsibility or authority pursuant to Rule 342 – NYSE Alternext Equities to devote less than his entire time during business hours to the business of the member or member organization in instances where such permission will not impair the protection of investors or the public interest.

.11 For the purpose of this rule, control is defined in Rule 2 – NYSE Alternext Equities.

.12 For the purposes of this rule, the term associated with a member or member organization shall have the same meaning as the term “associated with a member” is defined in Section 3(a)(21) of the Securities Exchange Act of 1934.

.20 Under the appropriate circumstances the Exchange may, in determining control, treat as a single holding stock which is nominally held by different persons or organizations.

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Controversies As to Employment or Termination of Employment

Rule 347 – NYSE Alternext Equities. (a) Except as provided in paragraph (b), any controversy between a registered representative and any member or member organization arising

out of the employment or termination of employment of such registered representative by and with such member or member organization shall be settled by arbitration, at the instance of any such party, in accordance with the arbitration procedure prescribed elsewhere in these rules.

(b) A claim alleging employment discrimination, including any sexual harassment claim, in violation of a statute shall be eligible for arbitration only where the parties have agreed to arbitrate the claim after it has arisen.

••• Supplementary Material:

.10 Nothing in the Rules of the Exchange is intended, nor shall be construed, to prohibit any employee from bringing a claim against any member or member organization arising out of the employment or termination of employment of such employee with such member or member organization before the Equal Employment Opportunity Commission, any state or local anti-discrimination agency, or the National Labor Relations Board.

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Rules 348 – NYSE Alternext Equities—349 – NYSE Alternext Equities. Reserved.

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Compensation or Gratuities to Employees of Others

Rule 350 – NYSE Alternext Equities.

(a) No member, allied member, member organization or employee thereof shall:

(1) employ or compensate any person for services rendered, or

(2) give any gratuity in excess of \$50 per person per year to any principal, officer, or employee of the Exchange or its subsidiaries, or

(3) give any gratuity in excess of \$100 per person per year to any principal, officer or employee of another member or member organization, financial institution, news or financial information media, or non-member broker or dealer in securities, commodities, or money instruments, except as specified below or with the prior written consent of the employer.

A gift of any kind is considered a gratuity.

(b) Compensation for services rendered of up to \$200 per person per year may be paid with the prior written consent of the employer to operations employees of other members or member organizations of the following types:

(1) A telephone clerk on the Exchange Floor who provides courtesy telephone relief to a member's clerk, or handles such a member's orders over the member's own wire.

(2) Employees who make out commission bills or prepare Exchange reports for members.

(3) A specialist's Floor clerk who maintains records for a specialist other than his employer, or provides courtesy relief to another specialist's clerk.

(4) When the service rendered by the employee exceeds that which the primary employer is obligated to furnish,

(a) A telephone clerk who handles a member's orders transmitted over the wire of the clerk's employer.

(b) A telephone clerk who handles orders directed by the clerk's employer to the member who receives them.

A Floor employee who receives compensation for services rendered in excess of \$200 per year from another member or member organization (not the primary employer), must become employed by and registered with such member or member organization in accordance with Rule 350 – NYSE Alternext Equities.

(c) Records shall be retained for at least three years of all such gratuities and compensation for inspection by Exchange examiners.

••• Supplementary Material:

.10 When close relatives work in different financial organizations, gifts arising from the family relationship are not considered subject to Rule 350 – NYSE Alternext Equities.

Employment of or gratuities to personnel working on the Floor of other exchanges and approved by the other exchange under a rule similar to Rule 350 – NYSE Alternext Equities are not considered subject to Rule 350 – NYSE Alternext Equities.

Requests for Exchange consent under Section a(1) of this Rule for the employment or compensation of Exchange employees by members or member organizations should be sent to the Exchange at least 10 days in advance of the proposed date of employment.

In general, approval to employ an Exchange employee outside of the hours of regular employment by the Exchange will be limited to employment of a routine or clerical nature. Approval will not be given for the employment of an Exchange employee in an advisory or professional capacity with reference to Exchange operations or policies.

When the Exchange has granted permission for part-time employment of an employee of the Exchange or of another member or member organization no approval is required for a subsequent gratuity or bonus to such person provided it is in proportion to gratuities given full-time employees of the employing organization.

Reporting Requirements

Rule 351. (a) Each member not associated with a member organization and each member organization shall promptly report to the Exchange whenever such member or member organization, or any member, allied member or registered or non-registered employee associated with such member or member organization:

(1) has violated any provision of any securities law or regulation, or any agreement with or rule or standards of conduct of any governmental agency, self-regulatory organization, or business or professional organization, or engaged in conduct which is inconsistent with just and equitable principles of trade or detrimental to the interests or welfare of the Exchange;

(2) is the subject of any written customer complaint involving allegations of theft or misappropriation of funds or securities or of forgery;

(3) is named as a defendant or respondent in any proceeding brought by a regulatory or self-regulatory body alleging the violation of any provision of the Securities Exchange Act of 1934, or of any other Federal or state securities, insurance, or commodities statute, or of any rule or regulation thereunder, or of any agreement with, or of any provision of the constitution, rules or similar governing instruments of, any securities, insurance or commodities regulatory or self-regulatory organization;

(4) is denied registration or is expelled, enjoined, directed to cease and desist, suspended or otherwise disciplined by any securities, insurance or commodities industry regulatory or self-regulatory organization or is denied membership or continued membership in any such self-regulatory organization; or is barred from becoming associated with any member or member organization of any such self-regulatory organization;

(5) is arrested, arraigned, indicted or convicted of, or pleads guilty to, pleads no contest to, any felony; or any misdemeanor that involves the purchase or sale of any security, the taking of a false oath, the making of a false report, bribery, perjury, burglary, larceny, theft, robbery, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion, or misappropriation of funds, or securities, or a conspiracy to commit any of these offenses, or substantially equivalent activity in a domestic, military or foreign court;

(6) is a director, controlling stockholder, partner, officer or sole proprietor of, or an associated person with, a broker, dealer, investment company, investment advisor, underwriter or insurance company which was suspended, expelled or had its registration denied or revoked by any agency, jurisdiction or organization or is associated in such a capacity with a bank, trust company or other financial institution which was convicted of, or pleaded no contest to, any felony or misdemeanor;

(7) is a defendant or respondent in any securities or commodities-related civil litigation or arbitration which has been disposed of by judgment, award or settlement for an amount exceeding \$15,000. However, when a member organization is the defendant or respondent, then the reporting to the Exchange shall be required only when such judgment, award or settlement is for an amount exceeding \$25,000;

(8) is the subject of any claim for damages by a customer, broker or dealer which is settled for an amount exceeding \$15,000. However, when the claim for damages is against a member organization, then the reporting to the Exchange shall be required only when such claim is settled for an amount exceeding \$25,000;

(9) is, or learns that he is associated in any business or financial activity with any person who is, subject to a 'statutory disqualification' as that term is defined in the Securities Exchange Act of 1934.

(10) is the subject of any disciplinary action taken by the member or member organization against any of its associated persons involving suspension, termination, the withholding of commissions or imposition of fines in excess of \$2,500, or any other significant limitation on activities.

(b) Each member associated with a member organization and each allied member or registered or non-registered employee of a member or member organization shall promptly report the existence of any of the conditions set forth in paragraph (a) of this rule to the member or member organization with which such person is associated.

(c) Each approved person shall promptly report to the member organization with which such approved person is associated, whenever such approved person becomes subject to a statutory disqualification as defined in the Securities Exchange Act of 1934; and upon being so notified, or otherwise learning such fact, the member or member organization shall promptly so advise the Exchange in writing, giving the name of the person subject to the statutory disqualification and details concerning the disqualification.

(d) At such intervals and in such detail as the Exchange shall specify, each member not associated with a member organization and each member organization shall report to the Exchange statistical information regarding customer complaints relating to such matters as may be specified by the Exchange. For the purpose of this paragraph (d), 'customer' includes any person other than a broker or dealer.

(e) Each member not associated with a member organization and a senior officer or partner of each member organization shall take one or both of the following two actions in relation to the trades that are subject to the review procedures required by Rule 341.21(a) – NYSE Alternext Equities:

(i) Sign a written statement in the form specified below and deliver it to the Exchange by the 15th day of the month following the calendar quarter in which the trade occurred, and

(ii) As to any such trade that is the subject of an internal investigation pursuant to Rule 342.21(b) – NYSE Alternext Equities, but has not been both resolved and included in the written statement made pursuant to subparagraph (i) above, report in writing to the Exchange:

(A) The commencement of the internal investigation, the identity of the trade and the reason why the trade could not be the subject of a written statement made pursuant to subparagraph (i) above (report by the 15th day of the month, following the calendar quarter in which the trade occurred).

(B) The quarterly progress of each open investigation (report by the 15th day of the month following the quarter).

(C) The completion of the investigation, detailing the methodology and results of the investigation, any internal disciplinary action taken, and any referral of the matter to the Exchange, another self-regulatory organization, the Securities and Exchange Commission or another Federal agency; and including, where no internal disciplinary action has been taken and no such referral has been made, a written statement in relation to the trade in the form specified below (report within one week after completion of the investigation).

The statement that subparagraph (i) requires shall read substantially as follows:

- (1) [I/NAME OF MEMBER ORGANIZATION] [have/has] established procedures for reviewing the facts and circumstances surrounding trades in Exchange listed securities and related financial instruments for [my/the] account [of NAME OF MEMBER ORGANIZATION] ('Proprietary Trades') and for the accounts of [my/its] [members, allied members and] employees and their family members, including trades reported by other members or member organizations pursuant to Rule 407 – NYSE Alternext Equities, ('Employee Trades'), which procedures [I/NAME OF MEMBER ORGANIZATION] [have/has] determined to be reasonably designed to identify trades that may violate the provisions of the Securities Exchange Act of 1934, the rules under that act or the rules of the Exchange prohibiting insider trading and manipulative and deceptive devices.
- (2) I, my designees or the senior supervisors responsible for particular activities have carried out those procedures in relation to Proprietary Trades and Employee Trades effected during the [ORDINAL NUMBER] quarter of [YEAR], and
- (3) Based upon my assessment of the adequacy of those procedures and of the diligence of those carrying out those procedures, and except as to those Proprietary Trades and Employee Trades that I have reported to the Exchange pursuant to Rule 351(e)(ii) – NYSE Alternext Equities as the subject of internal investigation, I have no reasonable cause to believe that: (a) any one or more of the Proprietary Trades effected during the period referred to in clause (2) above, or (b) any one or more of the Employee Trades both effected during that period and reviewed under those procedures violated the provisions of the Securities Exchange Act of 1934, the rules under the act or the rules of the Exchange prohibiting insider trading and manipulative and deceptive devices.

When a statement pertains to one or more trades that have been the subject of an internal investigation pursuant to Rule 342.21(b) – NYSE Alternext Equities but as to which no internal disciplinary action has been taken and no referral of the matter to the Exchange, to another self-regulatory organization or to a Federal agency has been made, the statement that subparagraph (ii)(C) requires shall be as above, except that it shall refer to the particular trade(s) (rather than to the trades of a particular calendar quarter) and shall omit the clause excepting trades reported as the subject of an investigation. For the purpose of this paragraph (e), a 'senior officer or partner' means (i) the chief executive officer or managing partner or (ii) either (A) any other officer or

partner who is a member of the member organization's executive or management committee or its equivalent committee or group or (B) if the member organization has no such committee or group, any officer or partner having senior executive or management responsibility who reports directly to the Chief Executive Officer or managing partner. If, in the case of a member organization, its chief executive officer or managing partner does not sign the statement, a copy of the statement shall be provided to the chief executive officer or managing partner.

(f) Each member and member organization that prepares, issues or distributes research reports or whose research analysts make public appearances is required to submit to the member's or member organization's Designated Examining Authority, annually, a letter of attestation signed by a senior officer or partner that the member or member organization has established and implemented procedures reasonably designed to comply with the provisions of Rule 472 – NYSE Alternext Equities. The attestation must also specifically certify that each research analyst's compensation was reviewed and approved in accordance with the requirements of Rule 472(h)(2) – NYSE Alternext Equities and that the basis for such approval has been documented.

••• Supplementary Material:

.10 Any report required pursuant to paragraphs (a), (b) or (d) of this Rule 351 – NYSE Alternext Equities shall be submitted to the Exchange on a form or forms prescribed by the Exchange.

.11 For purposes of Rule 351(f) – NYSE Alternext Equities, the attestation must be submitted by April 1 of each year.

.12 The term 'research report' is defined in Rule 472.10 – NYSE Alternext Equities and the term 'public appearance' is defined in Rule 472.50 – NYSE Alternext Equities.

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Guarantees, Sharing in Accounts, and Loan Arrangements

Rule 352 – NYSE Alternext Equities. Prohibitions Against Guarantees

(a) No member organization shall guarantee or in any way represent that it will guarantee any customer against loss in any account or on any transaction; and no member, allied member, registered representative or officer shall guarantee or in any way represent that either he or she, or his or her employer, will guarantee any customer against loss in any customer account or on any customer transaction. The prohibitions in this paragraph extend to the payment, in whole or in part, of a debit balance.

Prohibition Against Sharing in Profits and Losses

(b) Except as otherwise provided by this Rule, no member, member organization, allied member, officer, or any other person acting in the capacity of a registered representative shall, directly or indirectly, (i) take or receive or agree to take or receive a share in the profits, or (ii)

share or agree to share in any losses, in any customer's account or of any transaction effected therein.

Joint Accounts and Order Errors

(c) Paragraph (b) of this Rule shall not preclude a member not associated with a member organization, or a member organization or, with member organization consent, a member associated with such member organization, an allied member, or other person acting in the capacity of a registered representative, from participating with a customer in a joint account and sharing in the profits or losses therein in direct proportion to financial contributions made to such account. (See Rule 93 – NYSE Alternext Equities for reporting and approval requirements concerning participation in joint accounts by members, member organizations and allied members.) Nor shall it preclude a member not associated with a member organization or a member organization from sharing or agreeing to share any losses in a customer account if it has been established that the loss was caused in whole or in part by an error resulting from the action or inaction of such member, allied member, member organization, or person associated therewith (See also Rule 134 – NYSE Alternext Equities).

Certain Investment Advisory Arrangements

(d)(1) Section 205 of the Investment Advisers Act of 1940 (the 'Advisers Act') and the rules thereunder set forth provisions relating to advisory compensation arrangements applicable to investment advisers registered with the Securities and Exchange Commission ('SEC') unless exempt pursuant to Section 203(b) of the Adviser's Act. Under certain circumstances, such arrangements may provide for the adviser to receive a performance-based fee, e.g., sharing in capital gains or losses of the assets under management. Where a participatory compensation arrangement is entered into by a member organization that itself is registered with the SEC as an investment adviser, and such arrangement complies with Section 205 of the Advisers Act and the rules thereunder, the arrangement will not violate Rule 352(b) – NYSE Alternext Equities if the arrangement arises in the context of such member organization's investment advisory relationship with the customer. Member organizations may not have such participatory compensation arrangements if they are only acting as a broker for the customer.

(2) To the extent that any of the above described conditions of paragraph (d)(1) are not fully satisfied, the general Rule 352(b) – NYSE Alternext Equities prohibition will apply. All advisory compensation arrangements should be reviewed by member organizations and their counsel in light of applicable State and Federal law (e.g., ERISA).

Limitations on Borrowing From or Lending to Customers

(e) A person associated with a member organization in any registered capacity may borrow money from or lend money to a customer of such person only if the member organization has written supervisory procedures permitting the borrowing and lending of money between such registered persons and their customers; and the lending or borrowing arrangement meets one of the following conditions:

(1) the customer is a member of such registered person's immediate family; or

(2) the customer is a financial institution regularly engaged in the business of providing credit, financing, or loans, or other entity or person that regularly arranges or extends credit in the ordinary course of business; or

(3) the customer and the registered person are both registered persons of the same member organization; or

(4) the lending arrangement is based on a personal relationship with the customer, such that the loan would not have been solicited, offered, or given had the customer and the registered person not maintained a relationship outside of the broker/customer relationship; or

(5) the lending arrangement is based on a business relationship outside of the broker-customer relationship.

Loan Procedures

(f) The following loan procedures shall apply:

(1) Member organizations must pre-approve in writing the lending or borrowing arrangements described in subparagraphs (e)(3), (4), and (5) above, except that no pre-approval is required for loans totaling \$100 or less between registered persons pursuant to subparagraph (e)(3).

(2) With respect to the lending or borrowing arrangements described in subparagraph (e)(1) above, a member organization's written procedures may indicate that registered persons are not required to notify the member organization or receive member organization approval either prior to or subsequent to entering into such lending or borrowing arrangements.

(3) With respect to the lending or borrowing arrangements described in subparagraph (e)(2) above, a member organization's written procedures may indicate that registered persons are not required to notify the member organization or receive approval either prior to or subsequent to entering into such lending or borrowing arrangements, provided that the loan has been made on commercial terms that the customer generally makes available to members of the general public similarly situated as to need, purpose and creditworthiness. For purposes of this subparagraph, member organization may rely on the registered person's written representation that the terms of the loan meet the above-described standards.

(g) For purposes of this Rule, the term 'immediate family' shall include parents, grandparents, mother-in-law or father-in-law, husband or wife, brother or sister, brother-in-law or sister-in-law, son-in-law or daughter-in-law, children, grandchildren, cousin, aunt or uncle, or niece or nephew, and shall also include any other person whom the registered person supports, directly or indirectly, to a material extent.

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Rebates and Compensation

Rule 353 – NYSE Alternext Equities. (a) No member, allied member, registered representative or officer shall, directly or indirectly, rebate to any person, firm or corporation any part of the compensation he receives for the solicitation of orders for the purchase or sale of securities or other similar instruments for the accounts of customers of his member organization employer, or pay such compensation, or any part thereof, as a bonus, commission, fee or other consideration for business sought or procured for him or for any member or member organization of the Exchange.

(b) No member, allied member, registered representative or officer shall be compensated for business done by or through his employer after the termination of his employment except as may be permitted by the Exchange.

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Reports to Control Persons

Rule 354 – NYSE Alternext Equities. (a) By April 1 of each year, each member organization shall submit a copy of the report that Rule 342.30 – NYSE Alternext Equities requires the member organization to prepare to its one or more control persons or, if the member organization has no control person, to the audit committee of its Board of Directors or its equivalent committee or group. In the case of a control person that is an organization (a “controlling organization”), the member organization shall submit the report to the general counsel of the controlling organization and to the audit committee of the controlling organization's Board of Directors or its equivalent committee or group.

(b) For the purpose of paragraph (a), “control person” means a person who controls the member organization within the meaning of Rule 2 – NYSE Alternext Equities otherwise than solely by virtue of being a director, general partner or principal executive officer (or person occupying a similar status or performing similar functions) of the member organization.

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Rule 355 – NYSE Alternext Equities—374 – NYSE Alternext Equities. Reserved.

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Missing the Market

Rule 375 – NYSE Alternext Equities. A member or member organization who has accepted an order for execution and who, by reason of neglect to execute the order or otherwise, takes or supplies for his or its own account, the securities named therein is not acting as a broker and shall not charge a commission, without the knowledge and consent of the customer.

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Rule 376 – NYSE Alternext Equities—381 – NYSE Alternext Equities. Reserved.

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Carrying Agreements

Rule 382 – NYSE Alternext Equities. (a) All agreements between a member or member organization and another **Exchange** member or member organization or any foreign or domestic non-member organization, relating to the carrying of customer accounts on an omnibus or fully disclosed basis, or any change in any such agreements, shall be submitted to and approved by the Exchange prior to becoming effective. The carrying member organization shall be responsible for submission of the agreement to the Exchange; except, that where a member or member organization introduces accounts to a non-member organization, the member or member organization shall be responsible for the submission of the agreement.

(b) Each agreement in which accounts are to be carried on a fully disclosed basis shall specifically identify and allocate the respective functions and responsibilities of the introducing and carrying organizations, which agreement shall, at a minimum, address each of the following functions:

- (1) opening, approving and monitoring of accounts
- (2) extension of credit
- (3) maintenance of books and records
- (4) receipt and delivery of funds and securities
- (5) safeguarding of funds and securities
- (6) confirmations and statements
- (7) acceptance of orders and execution of transactions

(c) Each customer whose account is introduced on a fully disclosed basis shall be notified in writing upon the opening of his account of the existence of the agreement and of the relationship between the introducing and carrying organization.

(d) In order for the introducing organization to carry out its functions and responsibilities pursuant to the agreement, each carrying organization must furnish promptly any written customer complaint received by the carrying organization regarding the introducing organization or its associated persons relating to functions and responsibilities allocated to the introducing organization pursuant to the agreement, directly to: (1) the introducing organization; and (2) the introducing organization's Designated Examining Authority (or, if none, to its appropriate regulatory agency or authority). The carrying agreement must specifically direct and authorize the carrying organization to do so.

The carrying organization must also notify the customer, in writing, that it has received the complaint, and that the complaint has been furnished to the introducing organization and to the introducing organization's Designated Examining Authority (or, if none, to its appropriate regulatory agency or authority).

(e)(1) The carrying organization, at the commencement of the agreement and annually thereafter, must furnish to each of its introducing organizations a list of all reports (i.e., exception and other types of reports) which it offers to the introducing organization to assist the introducing organization to supervise and monitor its customer accounts in order for the introducing organization to carry out its functions and responsibilities pursuant to the agreement. The introducing organization must notify promptly the carrying organization, in writing, of those specific reports offered by the carrying organization that it requires to supervise and monitor its customer accounts.

(2) Copies of the specific reports requested by and/or supplied to the introducing organization must be retained and preserved by the carrying organization as part of its books and records pursuant to Rule 440 – NYSE Alternext Equities.

(3) Annually, within 30 days of July 1 of each year, the carrying organization must give written notice to the introducing organization's chief executive and compliance officers, indicating as of the date of such notice, the list of reports offered to the introducing organization pursuant to paragraph (e)(1) of this rule, and specify those reports that were actually requested by and/or supplied to the introducing organization as of such date. A copy of this written notice must at the same time be provided to the introducing organization's Designated Examining Authority (or if none, to its appropriate regulatory agency or authority).

(f) The agreement may permit the introducing organization to issue negotiable instruments directly to its customers, using instruments for which the carrying organization is the maker or drawer, provided that the introducing organization represents to the carrying organization in writing that it maintains, and shall enforce, supervisory procedures with respect to the issuance of such instruments that are satisfactory to the carrying organization.

(See also Rules 342 – NYSE Alternext Equities, 401 – NYSE Alternext Equities, and 416 – NYSE Alternext Equities)

••• Supplementary Material:

.10 Carrying organizations may satisfy the requirements of paragraph (e)(2) above by furnishing, upon request, of the introducing organization's Designated Examining Authority (or if none, to its appropriated regulatory agency or authority), (1) a recreated copy of the report originally produced; or (2) the format of the report and the applicable data elements contained in the original report.

.20 The Exchange, at its discretion and upon a showing of good cause, may exclude certain carrying organizations from the requirements of paragraphs (d) and (e) above, in instances where the introducing organization is affiliated entity of the carrying organization.

Rule 383 – NYSE Alternext Equities—386 – NYSE Alternext Equities. Reserved.

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COD Orders

Rule 387. (a) No member or member organization shall accept an order from a customer pursuant to an arrangement whereby payment for securities purchased or delivery of securities sold is to be made to or by an agent of the customer unless all of the following procedures are followed:

(1) The member or member organization shall have received from the customer prior to or at the time of accepting the order, the name and address of the agent and the name and account number of the customer on file with the agent.

(2) Each order accepted from the customer pursuant to such an arrangement has noted thereon the fact that it is a payment on delivery (POD) or collect on delivery (COD) transaction.

(3) The member or member organization delivers to the customer a confirmation, or all relevant data customarily contained in a confirmation with respect to the execution of the order, in whole or in part, not later than the close of business on the next business day after any such execution, and

(4) The member organization has obtained an agreement from the customer that the customer will furnish his agent instructions with respect to the receipt or delivery of the securities involved in the transaction promptly upon receipt by the customer of each confirmation, or the relevant data as to each execution, relating to such order (even though such execution represents that purchase or sale of only a part of the order), and that in any event the customer will assure that such instructions are delivered to his agent no later than:

(i) in the case of a purchase by the customer where the agent is to receive the securities against payment (COD), the close of business on the second business day after the date of execution of the trade as to which the particular confirmation relates; or

(ii) in the case of a sale by the customer where the agent is to deliver the securities against payment (POD), the close of business on the first business day after the date of execution of the trade as to which the particular confirmation relates.

(5) The facilities of a Clearing Agency shall be utilized for the book-entry settlement of all depository eligible transactions. The facilities of either a Clearing Agency or a Qualified Vendor shall be utilized for the electronic confirmation and affirmation of all depository eligible transactions.

••• Supplementary Material:

.10 Transactions that are to be settled outside of the United States shall be exempt from the provisions of paragraph (a)(5) of this Rule.

.30 For the purposes of this rule, a “Clearing Agency” shall mean a Clearing Agency as defined in Section 3(a)(23) of the Securities Exchange Act of 1934, that is registered with the Securities and Exchange Commission (“Commission”) pursuant to Section 17A(b)(2) of the Act or has obtained from the Commission an exemption from registration granted specifically to allow the Clearing Agency to provide confirmation and affirmation services.

.40 For the purposes of this rule, “depository eligible transactions” shall mean transactions in those securities for which confirmation, affirmation, and book entry settlement can be performed through the facilities of a Clearing Agency as defined in Rule 387.30 – NYSE Alternext Equities.

.50 “Qualified Vendor” shall mean a vendor of electronic confirmation and affirmation services that:

(A) shall, for each transaction subject to his rule; (i) deliver a trade record to a Clearing Agency in the Clearing Agency’s format; (ii) obtain a control number for the trade record from the Clearing Agency; (iii) cross-reference the control number to the confirmation and subsequent affirmation of the trade; and (iv) include the control number when delivering the affirmation of the trade to the Clearing Agency;

(B) certifies to its customers that: (i) with respect to its electronic trade confirmation/affirmation system, that it has a capacity requirements, evaluation, and monitoring process that allows the vendor to formulate current and anticipated estimated capacity requirements; (ii) that its electronic trade confirmation/affirmation system has sufficient capacity to process the specified volume of data that it reasonably anticipates to be entered into its electronic trade confirmation/affirmation service during the upcoming year; (iii) that its electronic trade confirmation/affirmation system has formal contingency procedures, that the entity has followed a formal process of reviewing the likelihood of contingency occurrences, and that the contingency protocols are reviewed and updated on a regular basis; (iv) that its electronic trade confirmation/affirmation system has a process for preventing, detecting, and controlling any potential or actual systems integrity failures, and its procedures designed to protect against security breaches are followed; and (v) that its current assets exceed its current liabilities by at least five hundred thousand dollars;

(C) has submitted and shall continue to submit on an annual basis, an Auditor’s Report to the commission staff which is not deemed unacceptable by the Commission. An Auditor’s Report will be deemed unacceptable if it contains any findings of material weakness;

(D) notifies the Commission staff immediately in writing of any changes to its systems that significantly affect or have the potential to significantly affect its electronic trade confirmation/affirmation systems including, without limitation, changes that (i) affect or potentially affect the capacity or security of its electronic trade confirmation/affirmation system; (ii) rely on new or substantially different technology; or (iii) provide a new service to the Qualified Vendor’s electronic trade confirmation/affirmation system;

(E) immediately notifies the Commission staff in writing if it intends to cease providing services;

(F) provides the Exchange with copies of any submissions to the Commission staff made pursuant to .50(B), (C), (D) and (E) of this rule within ten business days; and

(G) supplies supplemental information regarding their electronic trade confirmation/affirmation services as required by the Exchange or the Commission staff.

.60 “Auditor’s Report” shall mean a written report which is prepared by competent, independent, external audit personnel in accordance with the standards of the American Institute of Certified Public Accountants and the Information Systems Audit and Control Association and which (i) verifies the certifications contained in .50(B) above; (ii) contains a risk analysis of all aspects of the entity’s information technology systems including, without limitation, computer operations, telecommunications, data security, systems development, capacity planning and testing, and contingency planning and testing; and (iii) contains the written response of the entity’s management to the information provided pursuant to (i) and (ii) above.

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Prohibition Against Fixed Rates of Commission

Rule 388 – NYSE Alternext Equities. The Exchange does not require its members to charge fixed or minimum rates of commission in connection with transactions effected on, or effected by the use of the facilities of the Exchange. Nothing in the Rules or practices of the Exchange shall be construed as conferring authority upon members, or persons associated with members to agree or arrange, directly or indirectly, for the charging of fixed rates of commission.

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Rules 389 – NYSE Alternext Equities - 391 – NYSE Alternext Equities. Reserved.

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Notification Requirements for Offerings of Listed Securities

Rule 392 – NYSE Alternext Equities. (a) A member or member organization which acts as the lead underwriter of any offering in a listed security, shall notify the Exchange of such offering in such form and within such time frame as may be prescribed by the Exchange and shall provide the information required below:

1. name of security
2. symbol
3. type of security

4. number of shares offered
5. offering price
6. date of pricing
7. time of pricing
8. pricing basis (e.g., Exchange or Consolidated close)
9. beginning and ending dates of restricted period under Regulation M (if applicable)
10. syndicate members
11. firm submitting notification
12. name of individual submitting notification
13. telephone number
14. such other information as the Exchange may from time to time require

(b) Any Exchange member or member organization effecting a syndicate covering transaction or imposing a penalty bid or placing or transmitting a stabilizing bid in a listed security shall provide prior notice of such to the Exchange in such format and within such time frame as the Exchange may from time to time require.

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Rules 393 – NYSE Alternext Equities—400 – NYSE Alternext Equities. Reserved.

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Conduct of Accounts (Rules 401 – NYSE Alternext Equities-414 – NYSE Alternext Equities)

Business Conduct

Rule 401 – NYSE Alternext Equities. (a) Every member, allied member and member organization shall at all times adhere to the principles of good business practice in the conduct of his or its business affairs.

(b) Each member and member organization shall maintain written policies and procedures, administered pursuant to the internal control requirements prescribed under Rule 342.23 – NYSE Alternext Equities, specifically with respect to the following activities:

(1) Transmittals of funds (e.g., wires, checks, etc.) or securities:

(i) from customer accounts to third party accounts (i.e., a transmittal that would result in a change of beneficial ownership.);

(ii) from customer accounts to outside entities (e.g., banks, investment companies, etc.);

(iii) from customer accounts to locations other than a customer's primary residence (e.g., post office box, "in care of" accounts, alternate address, etc.);

(iv) between customers and registered representatives (including the hand-delivery of checks).

(2) Customer changes of address.

(3) Customer changes of investment objectives.

The policies and procedures required under (b)(1), (2), and (3) above must include a means/method of customer confirmation, notification, or follow-up that can be documented.

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Customer Complaints

Rule 401A – NYSE Alternext Equities. (a) For every customer complaint they receive that is subject to the reporting requirements of Rule 351(d) – NYSE Alternext Equities, members and member organizations must:

(1) Acknowledge receipt of the complaint within 15 business days of receiving it, and

(2) Respond to the issues raised in the complaint within a reasonable period of time.

(b) Each acknowledgement and response required by this rule must be conveyed to the complaining customer by appropriate method:

(1) Acknowledgements and responses to written complaints must be either:

(i) In writing, mailed to the complaining customer's last known address, or

(ii) Electronically transmitted to the e-mail address from which the complaint was sent (method only permissible for electronically transmitted complaints).

(2) Acknowledgements and responses to verbal complaints must be either:

(i) In writing, mailed to the complaining customer's last known address, or

(ii) Made verbally to the complaining customer, and recorded in a log of verbal acknowledgements and responses to customer complaints.

(c) Written records of the acknowledgements, responses, and logs required by this rule must be retained in accordance with Rule 440 – NYSE Alternext Equities (“Books and Records”).

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Customer Protection—Reserves and Custody of Securities

General Provisions

Rule 402 – NYSE Alternext Equities. (a) Each member organization shall obtain custody and control of securities and maintain reserves as prescribed by Rule 15c3-3 promulgated under the Securities Exchange Act of 1934. For the purpose of this Rule the definitions contained in such Rule 15c3-3 shall apply.

Agreements for Use of Customers' Securities

(b) No member organization shall lend, either to itself as a broker-dealer or to others, securities which are held on margin for a customer and which are eligible to be pledged or loaned, unless such member organization shall first have obtained a written authorization from such customer permitting the loan of such securities by the member organization.

••• Supplementary Material

.30 Securities Callable in Part.—Member organizations which have in their possession or under their control bonds or preferred stocks of issues which are callable in part, whether specifically set aside or otherwise, shall identify each such bond or preferred stock so that their records shall clearly show for whose account it is held, except in the case of:

(a) bonds, interest upon which has not been paid for at least two interest periods;

(b) Euro-Dollar bonds deposited in a central clearing facility for Euro-Dollar bonds, provided:

(1) customers are notified before deposit that their bonds may be deposited in the facility, and

(2) the member organization on behalf of its customers has the right to withdraw uncalled bonds from the facility at any time.

(c) bonds or preferred stocks, provided:

(1) the member organization has adopted an impartial lottery system in which the probability of a customer's bonds or preferred stocks being selected as called is proportional to the holdings of all customers of such securities held in bulk by or for the member organization;

(2) the member organization will withdraw such securities from any depository for the central handling of securities prior to the first date on which such securities may be called unless said depository has adopted an impartial lottery system which is applicable to all participants whereby the called amount of the securities deposited with the depository is allocated among said participants;

(3) the systems and the manner in which such securities are held as referred to in (c)(1) and (c)(2) and the right of customers under subparagraph (C)(4) are disclosed to all customers prior to the member organization's depositing in bulk or prior to the customer purchasing such securities, such disclosure to be made in writing prior to deposit or purchase except in the case of a new account, provided notice as herein described is sent to the customer prior to settlement date; and

(4) customers have the right to withdraw uncalled fully paid securities from the firm at any time prior to a partial call, and also to withdraw excess margin securities provided that the customers' accounts are not subject to restriction under Regulation T or such withdrawals will not cause a Rule 431 – NYSE Alternext Equities undermargined condition.

In the event there is any call of such securities referred to in (b) and (c) above which is favorable to the called parties, the member organization shall not allocate any such called securities to any account in which it or its general, limited, or special partners, officers, directors, approved persons or employees have an interest until all other customers' positions in such securities have been satisfied.

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Rule 403 – NYSE Alternext Equities. Reserved.

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Individual Members Not to Carry Accounts

Rule 404 – NYSE Alternext Equities. No member organization shall carry accounts or hold securities for customers without receiving the prior approval of the Exchange. No member, doing business as an individual, shall carry accounts for customers, except as provided in Rule 311(h) – NYSE Alternext Equities.

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Diligence as to Accounts

Rule 405 – NYSE Alternext Equities. Every member organization is required through a general partner, a principal executive officer or a person or persons designated under the provisions of Rule 342(b)(1) – NYSE Alternext Equities to

(1) Use due diligence to learn the essential facts relative to every customer, every order, every cash or margin account accepted or carried by such organization and every person holding power of attorney over any account accepted or carried by such organization.

Supervision of Accounts

(2) Supervise diligently all accounts handled by registered representatives of the organization.

Approval of Accounts

(3) Specifically approve the opening of an account prior to or promptly after the completion of any transaction for the account of or with a customer, provided, however, that in the case of branch offices, the opening of an account for a customer may be approved by the manager of such branch office but the action of such branch office manager shall within a reasonable time be approved by a general partner, a principal executive officer or a person or persons designated under the provisions of Rule 342(b)(1) – NYSE Alternext Equities. The member, general partner, officer or designated person approving the opening of the account shall, prior to giving his approval, be personally informed as to the essential facts relative to the customer and to the nature of the proposed account and shall indicate his approval in writing on a document which is a part of the permanent records of his office or organization.

Common Sales Accounts

(4) To facilitate the isolated liquidation of securities valued at \$1,000 or less registered in the name of an individual who does not have an account, and which are not part of any distribution, a member organization may sell the securities through a common sales account set up for the specific purpose of handling such sales without sending a periodic statement to the customer as required by Rule 409 – NYSE Alternext Equities, provided:

- a) The customer is identified as the individual in whose name the securities are registered,
- b) The securities are received by the member, at or prior to the time of the entry of the order, in the exact amount to be sold in good delivery form,
- c) A confirmation is sent to each customer,
- d) All proceeds of such sales are paid out on or immediately following settlement date, and
- e) The record made in the common sales account includes as to each transaction: customer's name and address, name and amount of securities to be sold, date received, date sold, amount per share, total amount credited to the account, total amount of check issued to the customer and the date of disbursement.

••• Supplementary Material:

10 Application of Rules 405(1) – NYSE Alternext Equities and 405(3) – NYSE Alternext Equities.—In the case of a margin account carried by a member organization for a non-member corporation, definite knowledge should be had to the effect that the non-member corporation has the right under its charter and by-laws to engage in margin transactions for its own account and that the persons from whom orders and instructions are accepted have been duly authorized by the corporation to act on its behalf. It is advisable in each such case for the carrying organization to have in its possession a copy of the corporate Charter, By-laws and authorizations. Where it is not possible to obtain such documents, a member or allied member in the member organization carrying the account should prepare and sign a memorandum for its files indicating the basis upon which he believes that the corporation may properly engage in margin transactions and that the persons acting for the corporation have been duly authorized to do so.

In the case of a cash account carried for a non-member corporation, the carrying member organization should assure itself through a general partner or an officer who is a holder of voting stock that persons entering orders and issuing instructions with respect to the account do so upon the proper authority.

When an agency account is carried by a member organization its files should contain the name of the principal for whom the agent is acting and written evidence of the agent's authority.

When Estate and Trustee accounts are involved a member organization should obtain counsel's advice as to the documents which should be obtained.

Information as to the country of which a customer is a citizen is deemed to be an essential fact.

.20 See Rule 382 – NYSE Alternext Equities for information concerning the permitted allocation of responsibilities under ¶(1) and (3) of this Rule between introducing and carrying organizations.

.30 See Rule 414 – NYSE Alternext Equities (Index and Currency Warrants) for account approval and suitability requirements relating to currency warrants, currency index warrants and stock index warrants.

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Non-Managed Fee-Based Account Programs - Disclosure and Monitoring

Rule 405A – NYSE Alternext Equities. (1) General Disclosures Required

Each member or member organization shall provide each customer, prior to the opening of an account in a Non-Managed Fee-Based Account Program, a disclosure document describing the types of Non-Managed Fee-Based Account Programs available to such customer. The document shall disclose, for each such Program type, sufficient information for the customer to make a reasonably informed determination as to whether the Program is appropriate for them, including, at minimum: a description of the services provided, eligible assets, fees charged, an explanation of how costs will be computed and/or the provision of cost estimates based on hypothetical portfolios, any conditions or restrictions imposed, and a summary of the Program's advantages and disadvantages.

(2) Opening of Accounts

Members and member organizations are required to make a determination, prior to opening an account in a Non-Managed Fee-Based Account Program, that such Program is appropriate for each customer taking into account the services provided, anticipated costs, and customer objectives.

(3) Monitoring of Accounts

Each member or member organization must establish and maintain systems and procedures adequate to monitor, on an ongoing basis, transactional activity by customers in Non-Managed Fee-

Based Account Programs. Such systems and procedures must include specific written criteria for identifying customers whose level of account activity may be inappropriate in the context of the customer's Program. The determination of appropriateness should take into consideration costs incurred, Program services, customer investment objectives, and customer preferences.

(4) Review and Follow-Up

Each member or member organization must maintain written procedures for contacting and following-up with customers identified pursuant to Paragraph (3) of this rule, as appropriate. The timeframe for identifying such customers shall be, at minimum, a rolling 12 month period. More frequent contact is required should circumstances warrant. The means (e.g., letter, phone call, or email) and general content of each follow-up customer contact must be documented and retained in an easily accessible place. At minimum, such contact must include notification that the level of account activity for a specified time-frame may be inconsistent with the Program costs incurred by the customer.

(5) Applicability of Rule

This rule shall not apply to accounts opened on behalf of “Qualified Investors” as that term is defined in Section 3(a)(54) of the Securities Exchange Act of 1934 (15 U.S.C. 78c) or to any member or member organization that does not offer Non-Managed Fee-Based Account Programs to its customers.

(6) Definition

For purposes of this rule, the term “Non-Managed Fee-Based Account Program” shall refer to arrangements in which no investment advisory services are provided by the member or member organization and in which customers are charged a fixed fee and/or a percentage of account value, rather than transaction-based commissions.

••• Supplementary Material:

.10 See also Rule 405(1) – NYSE Alternext Equities requirement that member organizations use due diligence to learn the essential facts relative to every customer and every cash or margin account, including accounts in Non-Managed Fee-Based Account Programs, accepted or carried by such member organization.

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Designation of Accounts

Rule 406 – NYSE Alternext Equities. No member organization shall carry an account on its books in the name of a person other than that of the customer, except that an account may be designated by a number or symbol, provided the organization has on file a written statement signed by the customer attesting the ownership of such account.

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Transactions - Employees of Members, Member Organizations and the Exchange

Rule 407 – NYSE Alternext Equities. (a) No member or member organization shall, without the prior written consent of the employer, open a securities or commodities account or execute any transaction in which a member, allied member or employee associated with another member or member organization or an employee of the Exchange is directly or indirectly interested.

In connection with accounts or transactions of members, allied members and employees associated with another member or member organization, duplicate confirmations and account statements shall be sent promptly to the employer.

(b) No member (associated with a member or member organization), allied member or employee associated with a member or member organization shall establish or maintain any securities or commodities account or enter into any private securities transaction with respect to which such person has any financial interest or the power, directly or indirectly, to make investment decisions, at another member or member organization, or a domestic or foreign non-member broker-dealer, investment adviser, bank, other financial institution, or otherwise without the prior written consent of another person designated by the member or member organization under Rule 342(b)(1) – NYSE Alternext Equities to sign such consents and review such accounts.

Persons having accounts or transactions referred to above shall arrange for duplicate confirmations and statements (or their equivalents) relating to the foregoing to be sent to another person designated by the member or member organization under Rule 342(b)(1) – NYSE Alternext Equities to review such accounts and transactions. All such accounts and transactions periodically shall be reviewed by the member or member organization employer (see also Rule 342.21 – NYSE Alternext Equities).

The Exchange may, upon written request, and where good cause is shown, waive any requirements of this Rule.

••• Supplementary Material:

.10 **Employees of Exchange.**—An employee of the Exchange or any of its affiliated companies, *i.e.*, any corporation of which the Exchange owns the majority of the capital stock and which does not administer a corporate employee securities account disclosure program, who wishes to open a securities or commodities account should apply for permission from the Exchange.

.11 The “private securities transactions” referred to in Rule 407(b) – NYSE Alternext Equities shall include all transactions in the securities of issuing entities which are not public, whether or not such transactions are negotiated directly with the issuer. They shall include, but not be limited to: interests in oil or gas ventures, and in real estate syndications, participants in tax shelters and in other investment vehicles, and shares issued prior to a public distribution by such issuing entities.

The term “securities or commodities accounts” as used in the Rule 407(b) – NYSE Alternext Equities shall include, but not be limited to, limited or general partnership interests in investment partnerships.

Members and member organizations must develop and maintain written procedures for reviewing these accounts and transactions and shall assure that their associated persons are not improperly recommending or marketing these securities or products to others through members or member organizations, or privately.

.12 The requirement to send duplicate confirmations and statements shall not be applicable to transactions in unit investment trusts and variable contracts or redeemable securities of companies registered under the Investment Company Act of 1940, as amended, or to accounts which are limited to transactions in such securities, or to Monthly Investment Plan type accounts, unless the member or member organization employer requests receipt of duplicate confirmations and statements of such accounts.

.13 for the purpose of this Rule, the term “other financial institution” includes, but is not limited to, insurance companies, trust companies, credit unions and investment companies.

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Disclosure of All Member Accounts

Rule 407A – NYSE Alternext Equities. (a) Each member must promptly report to the Exchange any securities account, including an error account, in which the member has, directly or indirectly, any financial interest or the power to make investment decisions, which is at a member or non-member broker-dealer, investment advisor, bank or other financial institution. A report shall contain such information as the Exchange may from time to time require.

(b) A member having an account referred to above, including an account over which such member has the power to make investment decisions, shall notify the financial institution that such person is a member of the Exchange.

(c) A member must report to the Exchange when any securities account referred to in (a) above is closed.

••• Supplementary Material:

.10 Purchases of a security of a publicly traded registered investment company directly from the issuer or principal underwriter shall not be deemed a securities account for purposes of this Rule. Interest in a non-publicly traded investment vehicle, including hedge funds, is reportable under this Rule.

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Discretionary Power in Customers' Accounts

Rule 408 – NYSE Alternext Equities. (a) No member, allied member or employee of a member organization shall exercise any discretionary power in any customer's account or accept orders for an account from a person other than the customer without first obtaining written authorization of the customer.

(b) No member, allied member or employee of a member organization shall exercise any discretionary power in any customer's account, without first notifying and obtaining the approval of another person delegated under Rule 342(b)(1) – NYSE Alternext Equities with authority to approve the handling of such accounts. Every order entered on a discretionary basis by a member, allied member or employee of a member organization must be identified as discretionary on the order at the time of entry. Such discretionary accounts shall receive frequent appropriate supervisory review by a person delegated such responsibility under Rule 342(b)(1) – NYSE Alternext Equities, who is not exercising the discretionary authority. A written statement of the supervisory procedures governing such accounts must be maintained.

(c) No member or allied member or employee of a member organization exercising discretionary power in any customer's account shall (and no member organization shall permit any member, allied member, or employee thereof exercising discretionary power in any customer's account to) effect purchases or sales of securities which are excessive in size or frequency in view of the financial resources of such customer.

(d) The provisions of this rule shall not apply to discretion as to the price at which or the time when an order given by a customer for the purchase or sale of a definite amount of a specified security shall be executed. The authority to exercise time and price discretion will be considered to be in effect only until the end of the business day on which the customer granted such discretion, absent a specific, written, contrary indication signed and dated by the customer. This limitation shall not apply to time and price discretion exercised in an institutional account pursuant to valid Good-Till-Cancelled instructions issued on a “not-held” basis. Any exercise of time and price discretion must be reflected on the order ticket.

••• Supplementary Material:

.10 Reserved.

.11 For purposes of this rule, an “institutional account” shall mean the account of (i) a bank (as defined in Section 3(a)(6) of the Securities Exchange Act of 1934), (ii) a savings association (as defined in Section 3(b) of the Federal Deposit Insurance Act), the deposits of which are insured by the Federal Deposit Insurance Corporation, (iii) an insurance company (as defined in Section 2(a)(17) of the Investment Company Act of 1940), (iv) an investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940, (v) a state or a political subdivision thereof, (vi) a pension or profit sharing plan, subject to ERISA, with more than \$25,000,000 total assets under management, or of an agency of the United States or of a political subdivision thereof, (vii) any person that has a net worth of at least forty-five million dollars and financial assets of at least forty million dollars, or (viii) an investment adviser registered under Section 203 of the Investment Advisers Act of 1940.

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Statements of Accounts to Customers

Rule 409 – NYSE Alternext Equities. (a) Except with the permission of the Exchange, or as otherwise provided by this paragraph, member organizations shall send to their customers statements of account showing security and money positions and entries at least quarterly to all

accounts having an entry, money or security position during the preceding quarter. Quarterly statements need not be sent to a customer pursuant to Rule 409(a) – NYSE Alternext Equities if:

- 1) the customer's account is carried solely for the purpose of execution on a Delivery versus Payment/Receive versus Payment basis (DVP/RVP);
- 2) all transactions effected for the account are done on a DVP/RVP basis in conformity with Rule 387 – NYSE Alternext Equities;
- 3) the account does not show security or money positions at the end of the quarter;
- 4) the customer consents to the suspension of such statements in writing. Such consents must be maintained by the member organization in a manner consistent with Exchange Rule 440 and Rule 17a-4 under the Securities Exchange Act of 1934;
- 5) the member organization undertakes to provide any particular statement or statements to the customer promptly upon request; and
- 6) the member organization undertakes to promptly reinstate the delivery of such statements to the customer upon request.

Nothing in this rule shall be seen to qualify or condition the obligations of a member organization under SEC Rule 15c3-2 concerning quarterly notices of free credit balances on statements.

For purposes of this rule, a DVP/RVP account is an arrangement whereby payment for securities purchased is to be made to the selling customer's agent and/or delivery of securities sold is to be made to the buying customer's agent in exchange for payment at time of settlement, usually in the form of cash.

(b) No member organization shall address confirmations, statements or other communications to a non-member customer

(1) in care of a person holding power of attorney over the customer's account unless either (A) the customer has instructed the member organization in writing to send such confirmations, statements or other communications in care of such person, or (B) duplicate copies are sent to the customer at some other address designated in writing by him; or

(2) at the address of any member, member organization, or in care of a partner, stockholder who is actively engaged in the member corporation's business or employee of any member organization.

The Exchange may upon written request therefore waive these requirements.

(c) Reserved.

(d) Reserved.

(e) Each statement of account sent to a customer pursuant to this rule shall bear a legend as follows:

(1) A legend that reads: “A financial statement of this organization is available for your personal inspection at its offices, or a copy of it will be mailed upon your written request.”

(2) A legend that advises customers to report promptly any inaccuracy or discrepancy in that person's account to his or her brokerage firm. If a customer's account is subject to a clearing agreement pursuant to Rule 382 – NYSE Alternext Equities, the legend must advise that such notification be sent to both the introducing firm and the clearing firm. The legend must also advise the customer that any oral communications with either the introducing firm or the clearing firm should be re-confirmed in writing in order to further protect the customer's rights, including its rights under the Securities Investor Protection Act (SIPA).

(f) Confirmation of all transactions (including those made “over-the-counter” and on other exchanges) in securities admitted to dealings on the Exchange, sent by members or member organizations to their customers, shall clearly set forth with a suitable legend the settlement date of each transaction. This requirement also applies to confirmations or reports from an organization to a correspondent, but does not apply to reports made by floor brokers to the member organization from whom the orders were received.

(See SEC Rule 10b-10)

(g) Member organizations carrying margin accounts for customers should send duplicate copies of monthly statements of guaranteed accounts to the respective guarantors unless such guarantors have specifically declared in writing that they do not wish such statements sent to them.

••• Supplementary Material:

.10 Exceptions to Rule 409(b) – NYSE Alternext Equities.—The provisions of Rule 409(b) – NYSE Alternext Equities, above, are not considered applicable to the following:

(1) General or special partners or holders of voting or non-voting stock other than any freely transferable security of member organizations.

(2) Employees of member organizations.

(3) Persons who maintain desk space at the office of a member or member organization and who thereby establish such office as their place of business.

(4) Corporations of which partners, stockholders or employees are officers or directors, and corporation accounts over which such persons have powers of attorney, provided, in each such case, the partner, stockholder or employee is duly authorized by the corporation to receive communications covering the account.

(5) Trust accounts, when a partner, stockholder or employee of a member organization is a trustee and has been duly authorized by all other trustees to receive communications covering the account.

(6) Estate accounts, when a partner, stockholder or employee of a member organization is an executor or administrator of the estate and has been duly authorized by all other executors or administrators to receive communications covering the account.

(7) Upon the written instructions of a customer and with the written approval of a member or allied member, a member organization may hold mail for a customer who will not be at his usual address for the period of his absence, but (a) not to exceed two months if the organization is advised that such customer will be on vacation or travelling or (b) not be exceed three months if the customer is going abroad.

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SIPC Disclosures

Rule 409A – NYSE Alternext Equities. Member organizations must advise each customer in writing, upon the opening of an account and at least annually thereafter, that they may obtain information about the Securities Investor Protection Corporation (SIPC), including the SIPC Brochure, by contacting SIPC, and shall provide the Web site address and telephone number of SIPC. If a clearing agreement pursuant to Rule 382 – NYSE Alternext Equities exists, the requirements of this rule may be delegated to either the introducing firm or the clearing firm.

* * * * *

Records of Orders

Rule 410 – NYSE Alternext Equities. (a) Every member or member organization must preserve for at least three years, the first two years in an easily accessible place, a record of:

(1) every order received by such member or member organization, either orally or in writing, which record must include the name and amount of the security, the terms of the order, the time when it was so received and the time at which a report of execution was received.

(2) every order entered by such member or member organization into the Off-Hours Trading Facility (as Rule 900 – NYSE Alternext Equities (Off-Hours Trading: Applicability and Definitions) defines that term), which record must include the name and amount of the security, the terms of the order, the time when it was so entered, and the time at which a report of execution was received.

(3) the time of the entry of every cancellation of an order covered by (1) and (2) above.

Changes In Account Name or Designation

Before any order covered by (1) or (2) above is executed, there must be placed upon the order slip or other similar record of the member or member organization the name or designation of the account for which such order is to be executed. No change in such account name (including related accounts) or designation (including error accounts) shall be made unless the change has been authorized by a member, allied member, or a person or persons designated under the provisions of Rule 342(b)(1) – NYSE Alternext Equities. Such person must, prior to giving his or her approval of

the account designation change, be personally informed of the essential facts relative thereto and indicate his or her approval of such change in writing on the order or other similar record of the member or member organization. The essential facts relied upon by the person approving the change must be documented in writing and maintained with the order or other similar record for at least three years, the first two in an easily accessible place as that term is used in Securities Exchange Act Rule 17a-4.

Exceptions

Under exceptional circumstances, the Exchange may upon written request waive the requirements contained in (1), (2) and (3) above.

(b) Every order in any manner transmitted or carried to the Floor and executed pursuant to Section 11(a)(1)(G) of the Act and Rule 11a1-1(T) thereunder must be identified in a manner that will enable the executing member to disclose to other members that the order is subject to those provisions.

(See also Rules 123A.45 – NYSE Alternext Equities.)

••• Supplementary Material

.10 For purposes of this Rule, a person designated under the provisions of Rule 342(b)(1) – NYSE Alternext Equities to approve account name or designation changes must pass an examination acceptable to the Exchange.

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Automated Submission of Trading Data

Rule 410A – NYSE Alternext Equities. A member or member organization shall submit such of the following trade data elements specified below in such automated format as may be prescribed by the Exchange from time to time, in regard to such transaction or transactions as may be subject of a particular request for information made by the Exchange:

(a) If the transaction was a proprietary transaction effected or caused to be effected by the member or member organization for any account in which such member or member organization, or any member, allied member, approved person, partner, officer, director, or employee thereof, is directly or indirectly interested, such member or member organization shall submit or cause to be submitted the following information:

(1) Clearing house number, or alpha symbol as used by the member or the member organization submitting the data;

(2) Clearing house number(s), or alpha symbol(s) as may be used from time to time, of the member(s) or member organization(s) on the opposite side of the transaction;

(3) Identifying symbol assigned to the security;

(4) Date transaction was executed;

(5) Number of shares, or quantity of bonds or options contracts for each specific transaction and whether each transaction was a purchase, sale, short sale and if an options contract whether open long or short or close long or short;

(6) Transaction price;

(7) Account number; and

(8) Market center where transaction was executed.

(b) If the transaction was effected or caused to be effected by the member or member organization for any customer account, such member organization shall submit or cause to be submitted the following information:

(1) Data elements (1) through (8) as contained in paragraph (a) above; and

(2) Customer name, address(es), branch office number, registered representative number, whether order was solicited or unsolicited, date account opened and employer name and the tax identification number(s).

(3) If transaction was effected for a member broker-dealer customer, whether the broker-dealer was acting as principal or agent on the transaction or transactions that are the subject of the Exchange's request.

(c) In addition to the above trade data elements, a member or member organization shall submit such other information in such automated format as may be prescribed by the Exchange, as may from time to time be required.

(d) The Exchange may grant exceptions, in such cases and for such time periods as it deems appropriate, from the requirement that the data elements prescribed in paragraphs (a) and (b) above be submitted to the Exchange in an automated format.

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Reports of Listed Securities Transactions Effected Off the Exchange

Rule 410B – NYSE Alternext Equities. (a) Transactions in securities listed for trading on the Exchange effected for the account of a member or member organization, or for the account of a customer of a member or member organization, that are not reported to the Consolidated Tape, shall be reported by such member or member organization to the Exchange in the manner and within the timeframes required by this rule. In transactions between two members, a member and a member organization or two member organizations, only the member or member organization on the sell side is required to report.

(b) Transactions in listed securities required to be reported by paragraph (a) shall be reported to the Exchange by the close of the next business day that the Exchange is open.

(c) All reports of transactions required by this rule shall be transmitted to the Exchange through the electronic system(s) designated by the Exchange for such reporting.

(d) Each report required by this rule must contain the following information:

(1) Time and date of the transaction;

(2) Stock symbol of the listed security;

(3) Number of shares;

(4) Price of the transaction (see paragraph (e) below);

(5) Marketplace where the transaction was executed (see (f) below);

(6) An indication whether the transaction was a buy (B), sell (S) or cross (C);

(7) An indication whether the transaction was executed as principal or agent; and

(8) The name of the contra-side broker-dealer to the trade.

(e) The price at which a transaction is reported shall exclude any commissions, mark-up, mark-down or service charges.

(f) Transactions executed in the domestic over-the-counter market must be designated "OTC-USA". Transactions executed on an exchange in a foreign country must show the country and marketplace where executed. (Example—"United Kingdom Exchange"). Transactions executed over-the-counter in a foreign market must be designated with the country and "OTC". (Example—"Japan OTC").

(g) The following transactions need not be reported pursuant to this Rule:

(1) odd-lot transactions;

(2) transactions which are part of a primary distribution by an issuer or of a registered secondary distribution (other than "shelf distributions") or of an unregistered secondary distribution effected off the floor of an exchange;

(3) transactions made in reliance on Section 4(2) of the Securities Act of 1933;

(4) transactions where the buyer and seller have agreed to trade at a price substantially unrelated to the current market for the security, e.g., to enable the seller to make a gift;

(5) the acquisition of securities by a member as principal in anticipation of making an immediate exchange distribution or exchange offering on an exchange;

(6) purchases of securities off the floor of an exchange pursuant to a tender offer.

••• Supplementary Material:

.10 As to paragraph (d)(8) above, if there is no contra broker-dealer to the trade, the notation “none” should be made.

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Erroneous Reports

Rule 411 – NYSE Alternext Equities. (a)(i) Erroneous Reports.—Except as provided in Rule 123B(b) – NYSE Alternext Equities and in paragraph (ii) below, the price at which an order is executed shall be binding notwithstanding the fact that an erroneous report in respect thereto may have been rendered. A member must offer a corrected report to the non-member, which is rejected by an individual authorized to act for the non-member, before relying on paragraph (ii) below.

(ii) A non-member for whom a member executed an order but rendered an erroneous report thereto may treat the terms of the execution report as though they were the terms of the actual auction market trade, provided:

(1) the price and size of the erroneous report are within the range of prices and sizes in the subject security reported on the Consolidated Tape on the day in which the order was executed;

(2) the member reports the nature of the error to the customer, and whether the error was favorable or unfavorable to the non-member;

(3) the member documents, on trade-by-trade basis, the name of individual authorized to accept the erroneous report for the non-member, the amount of the error, and whether the error was in the non-member's or member's favor;

(4) except as provided in (6) below, the member treats the erroneous report as though it were an erroneous trade, and takes the opposite side of the report, and the opposite side of the actual auction market trade, into his or her error account or the error account of the member organization;

(5) the member assumes any loss occasioned by the erroneous report, with any profit paid to the New York Stock Exchange Foundation;

(6) a specialist may accommodate the member and take the error into the specialist's error account, so long as the member documents the specialist's taking in the error, and documents the non-member understandings indicated in paragraph (2) above, the specialist documents taking in the error to accommodate the member, and the member assumes any loss, with any profit going to the New York Stock Exchange Foundation.

(iii) Except as provided in (iv) below, a report shall not be binding and must be rescinded if an order was not actually executed but was in error reported to have been executed; an order which was executed, but in error reported as not executed, shall be binding; provided, however, when a member who is on the Floor reports in good faith the execution of an order entrusted to him by another member or member organization and the other party to that transaction does not know it, the member or member organization to whom such report was rendered and the member broker who made the report shall treat the transaction as made for the account of the member who made the report, or the account of his member organization, if the price and size of the transaction were

within the price and volume of transactions in the security at the time that the member who made the report believed he had executed the order. A detailed memorandum of each such transaction shall be prepared and filed with the Exchange by the member assuming the transaction.

(iv) A Floor broker who fails to execute a not held order because of the Floor broker's error as to symbol, side or price, but reports to the customer the order had been executed in accordance with the customer's instructions, may treat the terms of the execution report as though they were the terms of a trade, provided:

(1) the price and size of the erroneous report are within the range of prices and sizes in the subject security reported on the Exchange portion of the Consolidated Tape on the day in which the order was erroneously reported;

(2) the Floor broker reports the error to the customer, and whether the error was favorable or unfavorable to the customer;

(3) the Floor broker documents, on a trade-by-trade basis, the name of individual authorized to accept the erroneous report for the customer, the amount of the error, and whether the error was in the customer's favor;

(4) the Floor broker treats the erroneous report as though it were an erroneous trade and his or her error account or the error account of the member organization becomes the opposite side to the report; and

(5) the Floor broker assumes any loss occasioned by the erroneous report, and pays any profit to the New York Stock Exchange Foundation.

(b)(1) **Conduct of Accounts.**—"Bunching" odd/lot orders.—A member or member organization shall not combine the orders given by several different customers to buy or sell odd-lots of the same stock, into a round-lot order without the prior approval of the customers interested.

When a person gives, either for his own account, for various accounts in which he has an actual monetary interest, or for accounts over which such person is exercising investment discretion, buy or sell odd-lot orders which aggregate 100 shares or more, a member or member organization shall not accept such orders for execution unless they are, as far as possible, consolidated into full lots, except that selling orders marked "long" need not be so consolidated with selling orders marked "short." An exception from this consolidation requirement may be relied upon once per trading day by the person exercising investment discretion for the odd-lot orders in a particular stock that would aggregate to less than 300 shares.

(2) Recording of transactions in accounts.—Transactions in securities shall be recorded in accounts no later than settlement date.

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Customer Account Transfer Contracts

Rule 412 – NYSE Alternext Equities. (a) When a customer whose securities account is carried by a member organization (the “carrying organization”) wants to transfer securities account assets, in whole or in specifically designated part, to another member organization (the “receiving organization”) and gives authorized notice of that fact to the receiving organization, both member organizations must expedite and coordinate activities with respect to the transfer. For purposes of this Rule, “authorized notice” pursuant to a transfer instruction could be the customer's actual signature, or an electronic signature in a format recognized as valid under federal law to conduct interstate commerce.

(b)(1) Upon receipt from the customer of an authorized broker-to-broker transfer instruction form (“TIF”) to receive such customer's securities account assets in whole or in specifically designated part, the receiving organization will immediately submit such instruction to the carrying organization. The carrying organization must, within one business day following receipt of such instruction, or receipt of a TIF received directly from the customer authorizing the transfer of assets in specifically designated part: (i) validate the transfer instruction (with an attachment reflecting all positions and money balances to be transferred as shown on its books) to the receiving organization or (ii) take exception to the transfer instruction for reasons other than securities positions or money balance discrepancies and advise the receiving organization of the exception taken. The time frame(s) set forth in this paragraph will change, as determined from time-to-time in any publication, relating to the ACATS facility, by the NSCC.

(2) The carrying organization and the receiving organization must promptly resolve any exceptions taken to the transfer instruction.

(3) Within three business days following the validation of a transfer instruction, the carrying organization must complete the transfer of the customer's securities account assets to the receiving organization. The carrying organization and the receiving organization must establish fail to receive and fail to deliver contracts at then current market values upon their respective books of account against the long/short positions (including options) that have not been delivered/received and the receiving/carrying organization must debit/credit the related money amount. The customer's securities account assets shall thereupon be deemed transferred. The time frame(s) set forth in this paragraph will change, as determined from time-to-time in any publication, relating to the ACATS facility, by the NSCC.

(c) Any fail contracts resulting from this securities account asset transfer procedure must be closed out within ten (10) business days after their establishment.

(d) Any discrepancies relating to positions or money balances that exist or occur after transfer of a customer's securities account assets must be resolved promptly. When a member organization receives a claim notice relating to a securities account asset transfer, the member organization must resolve the claim within five (5) business days from receipt of such notice or take exception to the claiming organization by setting forth specific reasons for denying the claim.

(e)(1) When both the carrying organization and the receiving organization are participants in a registered clearing agency having automated customer securities account asset transfer capabilities, the securities account asset transfer procedure, including the establishing and closing out of fail contracts, must be accomplished in accordance with the provisions of this rule and

pursuant to the rules of and through such registered clearing agency with the exception of specifically designated assets transferred pursuant to the submittal of a customer's authorized alternate instructions to the carrying organization.

(2) When such registered clearing agency has the capability to transfer mutual fund positions or to employ functionalities including Partial Transfer Receive (PTR), Partial Transfer Delivery (PTD), Fail Reversal, Mutual Fund Fail Cleanup, or Reclaim Processing, such capability must be utilized with the exception of specifically designated assets transferred pursuant to the submittal of a customer's authorized alternate instructions to the carrying organization.

(3) When securities account assets are transferred in whole and such registered clearing agency has the capability to transfer residual credit positions (both cash and securities) which have accrued to an account after the account has been transferred (residual credit processing), such capability must be utilized for transferring residual credit positions from the carrying organization to the receiving organization.

(4) Each member organization (including organizations that do not utilize automated customer securities account transfer facilities) is required, for a minimum period of six (6) months after the transfer of securities account assets in whole is completed, to transfer credit balances (both cash and securities) that occur in such transferred account assets within (10) ten business days after the credit balances accrue to the account.

(f) The Exchange may exempt from the provisions of this rule, either unconditionally or on specified terms and conditions, (i) any member organization or class of member organization or (ii) any type of account, security or financial instrument

••• Supplementary Material:

.10 For purposes of this rule, the term “securities account” shall be deemed to include any and all of the account's money market fund positions or the redemption value thereof.

.20 For purposes of this rule, the term “registered clearing agency” shall be deemed to be a clearing agency as defined in the Securities Exchange Act of 1934 registered in accordance with that Act

.30 Transfer instructions and reports required by this rule shall be in such form as may be prescribed by the Exchange.

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Uniform Forms

Rule 413 – NYSE Alternext Equities. Every individual member and every member organization shall adopt such uniform forms as the Exchange may prescribe to facilitate the orderly flow of transactions within financial community.

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Rule 414 – NYSE Alternext Equities. Reserved

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Financial Statements and Reports (Rules 415 – NYSE Alternext Equities—425 – NYSE Alternext Equities)

Rule 415 – NYSE Alternext Equities. Reserved.

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Questionnaires and Reports

Rule 416 – NYSE Alternext Equities. a) Each member and member organization shall submit to the Exchange at such times as may be designated in such form and within such time period as may be prescribed such information as the Exchange deems essential for the protection of investors and the public interest.

b) Unless a specific temporary extension of time has been granted, there shall be imposed upon each member or member organization required to file reports pursuant to this Rule, a fee of \$500 for each day that such report is not filed in the prescribed time. Requests for such extension of time must be submitted to the Exchange at least three business days prior to the due date.

c) Any report filed pursuant to this Rule containing material inaccuracies shall, for purposes of this rule, be deemed not to have been filed until a corrected copy of the report has been resubmitted.

••• Supplementary Material:

.10 Member organizations may be required to provide financial and operational reports as required by paragraph (a) of this Rule for affiliated organizations, including but not limited to, persons referred to in Rules 321 – NYSE Alternext Equities and 322 – NYSE Alternext Equities.

.20 Each member and member organization shall, on an ongoing basis and in such format as the Exchange may require, submit to the Exchange, or its designated agent, prescribed data of the member or member organization, and of any broker-dealer that is a party to a carrying agreement with a member or member organization pursuant to Rule 382 – NYSE Alternext Equities.

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**Member And Member Organization Profile Information Updates And Quarterly
Certifications Via The Electronic Filing Platform**

Rule 416A – NYSE Alternext Equities. (a) Members and member organizations must furnish the Exchange with all of the profile information required by the Exchange's Electronic Filing Platform (“EFP”), and must comply with any Exchange request for such information promptly, but in any event not later than thirty days following such request.

(b) Members and member organizations must update their required membership profile information promptly, but in any event not later than thirty days following any change in such information.

(c) Each member and member organization shall designate to the Exchange an appropriate senior officer as referenced in Rule 351(e) – NYSE Alternext Equities, or his or her designee, as its membership profile contact person.

(d) Each member or member organization shall certify electronically once during each of the months of March, June, September, and December of every year that it has reviewed its required membership profile information, and that such information is complete and accurate.

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Rule 417 – NYSE Alternext Equities. Reserved.

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Audit

Rule 418 – NYSE Alternext Equities. The Exchange may at any time require any member or member organization to cause an audit to be made by an independent public accountant of his or its accounts in accordance with the requirements of Exchange Rules and Rule 17a-5 under the Securities Exchange Act of 1934 (“Exchange Act”).

Each member organization and each individual member not associated with a member organization doing any business in securities with others than members and member organizations of a national securities exchange is required to have an annual audit of its financial statements and reports conducted in accordance with the audit requirements of the Exchange and of the applicable requirements of the Securities and Exchange Commission by independent public accountants.

••• Supplementary Material:

Information Regarding Audits

.10 Each member and member organization subject to this rule shall file with the Exchange by December 10th of each year, an agreement in a form prescribed by the Exchange dated no later than December 1st with an independent public accountant covering its annual audit during the following year.

.12 Any member or member organization failing to file an audited financial and operational report under this rule in the prescribed time shall be subject to a \$200 penalty for each day of delayed filing.

.15 The annual financial statements and operational reports filed with the Exchange shall include a statement attesting that such financial statements and operational reports have been or will be made available to all members or allied members of the organization. Such statement shall be signed by two members or allied members of the organization.

.20 A copy of each audited financial and operational report, all statements, schedules, other reports and all pertinent working papers and memoranda should be retained for at least three years. (Working papers, etc., must be made available for review by a representative of the Exchange at the office of the respondent or at the office of the independent public accountant.)

.25 Every member organization approved by the Securities and Exchange Commission, pursuant to Rule 15c3-1 under the Exchange Act, to use the alternative method of computing net capital contained in Appendix E to that Rule shall file such supplemental and alternative reports as may be prescribed by the Exchange.

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Rule 419 – NYSE Alternext Equities. Reserved.

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Reports of Borrowings and Subordinate Loans For Capital Purposes

Rule 420 – NYSE Alternext Equities. (a). Subordinated Loans

Before a subordinated loan of cash to a member organization may be considered for net capital purposes under Rule 325 – NYSE Alternext Equities the following documents shall be submitted to and approved by the Exchange:

(1) A signed copy of the subordinated loan agreement on a form prescribed by or acceptable to the Exchange.

(2) An opinion of counsel as required by Rule 313(d) – NYSE Alternext Equities.

All such subordinated loans shall meet the requirements of SEC Rule 15c3-1, Appendix D and such other standards as the Exchange deems appropriate to ensure the continued financial responsibility and operational capability of the member organization.

(b) Secured Demand Notes

Where a person wishes to make securities which are fully paid for and non-assessable available to a member organization in a manner that will increase the organization's net capital under Rule 325 – NYSE Alternext Equities, the securities must be pledged as collateral to a secured demand note which is contributed to the member organization pursuant to a secured demand note

collateral agreement. Both the form of the secured demand note and the secured demand note collateral agreement shall be approved by the Exchange prior to becoming effective. In order to be approved by the Exchange such notes and agreements:

(1) shall meet the requirements of SEC Rule 15c3-1, Appendix D and such other standards as the Exchange deems appropriate to ensure the continued financial responsibility and operational capability of the member organization; and

(2) shall be accompanied by an opinion of counsel as required by Rule 313(d) – NYSE Alternext Equities.

(c) Capital Borrowings

Each general partner of a member firm shall promptly report to the Exchange any secured or unsecured borrowing of cash or securities regardless of its amount or description where the cash proceeds of such borrowing or the securities borrowed will be contributed to the capital of the member firm under Rule 104.20 – NYSE Alternext Equities or Rule 325 – NYSE Alternext Equities.

The Exchange requires that the documents which evidence such borrowings conform to such standards as the Exchange deems appropriate to ensure the continued financial responsibility and operational capability of the member firm, and that the following documents be submitted to and approved by the Exchange before the cash or securities involved may qualify as capital acceptable for inclusion in the computation of net capital of the member firm under Rule 104.20 – NYSE Alternext Equities or Rule 325 – NYSE Alternext Equities:

(1) A signed copy of the note or agreement which must have at least twelve months duration.

(2) A non-recourse letter addressed to the borrower's member firm and signed by the lender.

(3) If more than one borrower is named in the loan instrument, all such borrowers must sign a statement indicating they understand the use of the proceeds of the loan (suggested language available from the Exchange).

The nature of the documents required in (1), (2) and (3) will vary, depending upon whether the lender is an individual, bank, estate, trust, corporation, partnership, etc.

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Periodic Reports

Rule 421 – NYSE Alternext Equities. Member organizations shall submit, as required by the Exchange, periodic reports with respect to

(1) Short positions in securities;

(2) Customers' debit and credit balances.

•••Supplementary Material:

.10 Short positions.—Member organizations for which the Exchange is the designated examining authority are required to report “short” positions, including odd lots, in each stock or warrant listed on the Exchange, and in each other stock or warrant not listed on the Exchange which is not otherwise reported to another United States securities exchange or securities association, using such automated format and methods as prescribed by the Exchange. Such reports must include customer and proprietary positions and must be made at such times and covering such time period as may be designated by the Exchange.

Member organizations for which the Exchange is not the designated examining authority must report “short” positions to the self-regulatory organization which is its designated examining authority (“DEA”) if such DEA has a requirement for such reports. If the DEA does not have such a reporting requirement, then such member organization must comply with the provisions of Rule 421 – NYSE Alternext Equities.

The term “designated examining authority” means the self-regulatory organization which has been assigned responsibility for examining a member organization for compliance with applicable financial responsibility rules. (See Rule 17d-1 under the Securities Exchange Act of 1934 (the “Exchange Act”).)

“Short” positions to be reported are those resulting from “short” sales as defined in Rule 200(a) of the Securities and Exchange Commission's Regulation SHO, but excluding positions that meet the following requirements:

- (1) any sale by any person, for an account in which he has an interest, if such person owns the security sold and intends to deliver such security as soon as is possible without undue inconvenience or expense;
- (2) any sale of a security covered by a short sale rule on a national securities exchange (except a sale to a stabilizing bid complying with Rule 104 of Regulation M) effected with the approval of such exchange which is necessary to equalize the price of such security thereon with the current price of such security on another national securities exchange which is the principal exchange market for such security;
- (3) any sale of a security for a special arbitrage account by a person who then owns another security by virtue of which he is, or presently will be, entitled to acquire an equivalent number of securities of the same class as the securities sold; provided such sale, or the purchase which such sale offsets, is effected for the bona fide purpose of profiting from a current difference between the price of security sold and the security owned and that such right of acquisition was originally attached to or represented by another security or was issued to all the holders of any such class of securities of the issuer;
- (4) any sale of a security registered on, or admitted to unlisted trading privileges on, a national securities exchange effected for a special international arbitrage account for the bona fide purpose of profiting from a current difference between the price of such security on a securities market not within or subject to the jurisdiction of the United States and on a securities market subject to the jurisdiction of the United States;

provided the seller at the time of such sale knows or, by virtue of information currently received, has reasonable grounds to believe that an offer enabling him to cover such sale is then available to him in such foreign securities market and intends to accept such offer immediately; and

- (5) any sale by an underwriter, or any member of a syndicate or group participating in the distribution of a security, in connection with an over-allotment of securities, or any lay-off sale by such a person in connection with a distribution of securities through rights or a standby underwriting commitment.

Also to be excluded are “short” positions carried for other member organizations reporting for themselves.

Only one report should be made for each stock or warrant in which there is a short position. If more than one “account” has a short position in the same stock or warrant, the combined aggregate should be reported.

NOTE: A member organization which does not carry customers' margin accounts and does not clear its own transactions may obtain an exemption from reporting by notifying the Exchange in writing.

.20 - .30. Reserved.

.40 Customers' debit and credit balances (Form R-1).—Member organizations carrying margin accounts for customers, unless specifically exempted by the Exchange, are required to submit Form R-1 on a settlement basis, preferably as of the last business day of the month (but in any event not earlier than the last Thursday of the month). Form R-1 specifies the following information applicable to public customers:

- (1) Total of all debit balances in stock margin accounts;
- (2) Total of all free credit balances in cash accounts;
- (3) Total of all free credit balances in all margin accounts.

Include only free credit balances in cash and margin accounts. Balances in short accounts and in Special Miscellaneous Accounts are not to be considered as free credit balances. Do not include debit or credit balances in the accounts of other organizations which are members of national securities exchanges, or your own organization, or of employees within your own organization.

Each member organization carrying margin accounts for customers, unless specifically exempted by the Exchange, is required to submit a report each month. When a member organization has no information to submit, a report should be filed with a notation thereon to that effect.

Reports are due as promptly as possible after each firm's last business day of the month, but not later than the sixth day of the following month. All inquiries concerning this report should be made to the Exchange.

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Loans of and to Directors, etc.

Rule 422 – NYSE Alternext Equities. Without the prior consent of the Exchange Board of Directors no member of the boards of directors or of any committee of, NYSE Euronext, Exchange, NYSE Market, New York Stock Exchange, LLC and NYSE Regulation and no officer or employee of NYSE Euronext, Exchange, NYSE Market, New York Stock Exchange, LLC and NYSE Regulation shall directly or indirectly make any loan of money or securities to or obtain any such loan from any member organization member, allied member, approved person, employee or any employee pension, retirement or similar plan of any member organization unless such loan be (a) fully secured by readily marketable collateral, or (b) made by a director or committee member to or obtained by a director or committee member from the member organization of which he is a member, allied member or employee or from a member, allied member or employee therein.

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Rule 423 – NYSE Alternext Equities. Reserved.

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Reports of Options

Rule 424 – NYSE Alternext Equities. Each member and member organization shall report to the Exchange such information as may be required with respect to any substantial option relating to listed securities in which such member, member organization or allied member therein is directly or indirectly interested or of which such member, member organization or allied member has knowledge by reason of transactions executed by or through such member or organization.

The Exchange may disapprove of the connection of any member, member organization or allied member therein with any such option which it shall determine to be contrary to the best interest or welfare of the Exchange or to be likely to create prices which will not fairly reflect market values.

••• Supplementary Material:

.10 Options.—Each member and member organization is required to report all options, selling agreements and kindred arrangements (excluding purchase warrants, puts and calls) relating to securities listed on the Exchange, in which options they are directly or indirectly interested, or of which they have knowledge by reason of transactions executed by or through them. Such reports are to be made in letter form, addressed to Regulation & Surveillance, and must be filed as soon as such interest therein or knowledge thereof has been acquired.

The report should contain the following information for each option:

(1) The name of the security; if a stock, the number of shares; if a bond, the principal amount thereof;

- (2) the duration and terms of the option;
- (3) the names of the grantors and grantees;
- (4) the names of all persons entitled as of the date of the report to exercise such option; and
- (5) copies of any agreements or instruments in writing relating to the option thus reported.

Only an initial report of each option is required unless changes occur in the terms thereof, in which case such changes should be reported at once to the Department.

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Rules 425 – NYSE Alternext Equities - 429 – NYSE Alternext Equities. Reserved.

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Margins (Rules 430 – NYSE Alternext Equities—434 – NYSE Alternext Equities)

Partial Delivery of Securities to Customers on C.O.D. Purchases

Rule 430 – NYSE Alternext Equities. No member or member organization may accept from a customer a purchase order for any security, other than obligations of the United States Government, unless it has first ascertained that the customer placing the order or its agent will receive against payment securities in an amount equal to any execution confirmed to the customer, even though such an execution may represent the purchase of only a part of a larger order.

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Margin Requirements

Rule 431 – NYSE Alternext Equities. Definitions

(a) For purposes of this Rule, the following terms shall have the meanings specified below:

(1) The term “current market value” means the total cost or net proceeds of a security on the day it was purchased or sold or at any other time the preceding business day's closing price as shown by any regularly published reporting or quotation service, except for security futures contracts (see Section (f)(10)(C)(ii). If there is no closing price, a member organization may use a reasonable estimate of the market value of the security as of the close of business on the preceding business day.

(2) The term “customer” means any person for whom securities are purchased or sold or to whom securities are purchased or sold whether on a regular way, when issued, delayed or future delivery basis. It will also include any person for whom securities are held or carried and to or for whom a member organization extends, arranges or maintains any credit. The term will not include the following: (a) a broker or dealer from whom a security has been purchased or to whom a security has been sold for the account of the member organization or its customers, or (b) an “exempted borrower” as defined by Regulation T of the Board of Governors of the Federal Reserve

System (“Regulation T”), except for the proprietary account of a broker-dealer carried by a member organization pursuant to Section (e)(6) of this Rule.

(3) The term “designated account” means the account of (i) a bank (as defined in Section 3(a)(6) of the Securities Exchange Act of 1934), (ii) a savings association (as defined in Section 3(b) of the Federal Deposit Insurance Act), the deposits of which are insured by the Federal Deposit Insurance Corporation, (iii) an insurance company (as defined in Section 2(a)(17) of the Investment Company Act of 1940), (iv) an investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940, (v) a state or a political subdivision thereof, or (vi) a pension or profit sharing plan subject to ERISA or of an agency of the United States or of a state or a political subdivision thereof.

(4) The term “equity” means the customer's ownership interest in the account, computed by adding the current market value of all securities “long” and the amount of any credit balance and subtracting the current market value of all securities “short” and the amount of any debit balance. Any variation settlement received or paid on a security futures contract shall be considered a credit or debit to the account for purposes of equity.

(5) The term “exempted security” or “exempted securities” has the meaning as in Section 3(a)(12) of the Securities Exchange Act of 1934 (“the Exchange Act” or “SEA”).

(6) The term “margin” means the amount of equity to be maintained on a security position held or carried in an account.

(7) The term “person” has the meaning as in Section 3(a)(9) of the Exchange Act.

(8) The term “basket” shall mean a group of stocks that the Exchange or any national securities exchange designates as eligible for execution in a single trade through its trading facilities and that consists of stocks whose inclusion and relative representation in the group are determined by the inclusion and relative representation of their current market prices in a widely-disseminated stock index reflecting the stock market as a whole.

(9) The term “highly rated foreign sovereign debt securities” means any debt securities (including major foreign sovereign debt securities) issued or guaranteed by the government of a foreign country, its provinces, states or cities, or a supranational entity, if at the time of the extension of credit the issue, the issuer or guarantor, or any other outstanding obligation of the issuer or guarantor ranked junior to or on a parity with the issue or the guarantee is assigned a rating (implicitly or explicitly) in one of the top two rating categories by at least one nationally recognized statistical rating organization.

(10) The term “investment grade debt securities” means any debt securities (including those issued by the government of a foreign country, its provinces, states or cities, or a supranational entity), if at the time of the extension of credit the issue, the issuer or guarantor, or any other outstanding obligation of the issuer or guarantor ranked junior to or on a parity with the issue or the guarantee is assigned a rating (implicitly or explicitly) in one of the top four rating categories by at least one nationally recognized statistical rating organization.

(11) The term “major foreign sovereign debt securities” means any debt securities issued or guaranteed by the government of a foreign country or a supranational entity, if at the time of the extension of credit the issue, the issuer or guarantor, or any other outstanding obligation of the issuer or guarantor ranked junior to or on a parity with the issue or the guarantee is assigned a rating (implicitly or explicitly) in the top rating category by at least one nationally recognized statistical rating organization.

(12) The term “mortgage related securities” means securities falling within the definition in Section 3(a)(41) of the Securities Exchange Act of 1934.

(13) The term “exempt account” means

(A) a member organization, non-member broker-dealer registered as a broker or dealer pursuant to the Securities Exchange Act of 1934, a "designated account", or

(B) any person that

(i) has a net worth of at least forty-five million dollars and financial assets of at least forty million dollars for purposes of paragraphs (e)(2)(F) and (e)(2)(G), and

(ii) either:

(1) has securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, has been subject to the reporting requirements of Section 13 of the Exchange Act for a period of at least 90 days and has filed all the reports required to be filed thereunder during the preceding 12 months (or such shorter period as it was required to file such reports), or

(2) has securities registered pursuant to the Securities Act of 1933, has been subject to the reporting requirements of Section 15(d) of the Securities Exchange Act of 1934 for a period of at least 90 days and has filed all the reports required to be filed thereunder during the preceding 12 months (or such shorter period as it was required to file such reports), or

(3) if such person is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, is a person with respect to which there is publicly available the information specified in paragraphs (a)(5)(i) to (xiv), inclusive, of Rule 15c2-11 under that Act, or

(4) furnishes information to the Securities and Exchange Commission as required by Rule 12g3-2(b) of the Securities Exchange Act of 1934, or

(5) makes available to the member organization such current information regarding such person's ownership, business, operations and financial condition (including such person's current audited statement of financial condition, statement of income and statement of changes in stockholder's equity or comparable financial reports), as reasonably believed by the member organization to be accurate, sufficient for the purposes of performing a risk analysis in respect of such person.

(14) The term “non-equity securities” means any securities other than equity securities as defined in section 3(a)(11) of the Securities Exchange Act of 1934.

(15) The term “listed non-equity securities” means any non-equity securities that: (i) are listed on a national securities exchange; or (ii) have unlisted trading privileges on a national securities exchange.

(16) The term “other marginable non-equity securities” means:

(1) Any debt securities not traded on a national securities exchange meeting all of the following requirements:

(i) At the time of the original issue, a principal amount of not less than \$25,000,000 of the issue was outstanding;

(ii) The issue was registered under section 5 of the Securities Act of 1933 and the issuer either files periodic reports pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 or is an insurance company which meets all of the conditions specified in Section 12(g)(2)(G) of the Securities Exchange Act of 1934; and

(iii) At the time of the extension of credit, the creditor has a reasonable basis for believing that the issuer is not in default on interest or principal payments; or

(2) Any private pass-through securities (not guaranteed by an agency of the U.S. government) meeting all of the following requirements:

(i) An aggregate principal amount of not less than \$25,000,000 (which may be issued in series) was issued pursuant to a registration statement filed with the Securities and Exchange Commission under section 5 of the Securities Act of 1933.

(ii) Current reports relating to the issue have been filed with the Securities and Exchange Commission; and

(iii) At the time of the credit extension, the creditor has a reasonable basis for believing that mortgage interest, principal payments and other distributions are being passed through as required and that the servicing agent is meeting its material obligations under the terms of the offering.

Initial margin

(b) For the purpose of effecting new securities transactions and commitments, the customer shall be required to deposit margin in cash and/or securities in the account which shall be at least the greater of:

(1) the amount specified in Regulation T of the Board of Governors of the Federal Reserve System, or Rules 400 through 406 of the Exchange Act or Rules 41.42 through 41.48 of the Commodity Exchange act (“CEA”), or

(2) the amount specified in section (c) of this Rule, or

(3) such greater amount as the Exchange may from time to time require for specific securities,

or

(4) equity of at least \$2,000 except that cash need not be deposited in excess of the cost of any security purchased (this equity and cost of purchase provision shall not apply to “when distributed” securities in a cash account). The minimum equity requirement for a “pattern day trader” is \$25,000 pursuant to paragraph (f)(8)(B)(iv)(1) of this Rule.

Withdrawals of cash or securities may be made from any account which has a debit balance, “short” position or commitments, provided it is in compliance with Regulation T of the Board of Governors of the Federal Reserve System and Rules 400 through 406 of the Exchange Act and Rules 41.42 through 41.48 of the CEA and after such withdrawal the equity in the account is at least the greater of \$2,000 (\$25,000 in the case of “pattern day traders”) or an amount sufficient to meet the maintenance margin requirements of this Rule.

Maintenance margin

(c) The margin which must be maintained in all accounts of customers, except for cash accounts subject to Regulation T unless a transaction in a cash account is subject to other provisions of this rule, shall be as follows:

(1) 25% of the current market value of all securities except for securities futures contracts “long” in the account; plus

(2) \$2.50 per share or 100% of the current market value, whichever amount is greater, of each stock “short” in the account selling at less than \$5.00 per share; plus

(3) \$5.00 per share or 30% of the current market value, whichever amount is greater, of each stock “short” in the account selling at \$5.00 per share or above; plus

(4) 5% of the principal amount or 30% of the current market value, whichever amount is greater, of each bond “short” in the account.

(5) The minimum maintenance margin levels for security futures contracts, long and short, shall be 20% of the current market value of such contract. (See paragraph (f) of this Rule for other provisions pertaining to security futures contracts).

Additional margin

(d) Procedures shall be established by member organizations to:

(1) review limits and types of credit extended to all customers,

(2) formulate their own margin requirements, and

(3) review the need for instituting higher margin requirements, mark-to-markets and collateral deposits than are required by this Rule for individual securities or customer accounts.

Exceptions to Rule

(e) The foregoing requirements of this Rule are subject to the following exceptions:

(1) Offsetting Long and Short Positions.—When a security carried in a “long” position is exchangeable or convertible within a reasonable time, without restriction other than the payment of money, into a security carried in a “short” position for the same customer, the margin to be maintained on such positions shall be 10% of the current market value of the “long” securities. When the same security is carried “long” and “short” the margin to be maintained on such positions shall be 5% of the current market value of the “long” securities. In determining such margin requirements “short” positions shall be marked to the market.

(2) Exempted Securities, Non-equity Securities and Baskets.

(A) Obligations of the United States and Highly Rated Foreign Sovereign Debt Securities.—On net “long” or net “short” positions in obligations (including zero coupon bonds, i.e., bonds with coupons detached or non-interest bearing bonds) issued or guaranteed as to principal or interest by the United States Government or by corporations in which the United States has a direct or indirect interest as shall be designated for exemption by the Secretary of the Treasury, or in obligations that are highly rated foreign sovereign debt securities, the margin to be maintained shall be the percentage of the current market value of such obligations as specified in the applicable category below:

<u>(i) Less than one year to maturity,</u>	<u>1%</u>
<u>(ii) One year but less than three years to maturity,</u>	<u>2%</u>
<u>(iii) Three years but less than five years to maturity,</u>	<u>3%</u>
<u>(iv) Five years but less than ten years to maturity,</u>	<u>4%</u>
<u>(v) Ten years but less than twenty years to maturity, or</u>	<u>5%</u>
<u>(vi) Twenty years or more to maturity.</u>	<u>6%</u>

Notwithstanding the above, on zero coupon bonds with five years or more to maturity the margin to be maintained shall not be less than 3% of the principal amount of the obligation.

When such obligations other than United States Treasury bills are due to mature in thirty calendar days or less, a member organization, at its discretion, may permit the customer to substitute another such obligation for the maturing obligation and use the margin held on the maturing obligation to reduce the margin required on the new obligation, provided the customer has given the member organization irrevocable instructions to redeem the maturing obligation.

(B) All Other Exempted Securities.—On any positions in exempted securities other than obligations of the United States, the margin to be maintained shall be 7% of the current market value.

(C) Non-Equity Securities.—On any positions in non-equity securities, the margin to be maintained (except where a lesser requirement is imposed by other provisions of this Rule) shall be:

(i) 10% of the current market value in the case of investment grade debt securities; and

(ii) 20% of the current market value or 7% of the principal amount, whichever amount is greater, in the case of all other listed non-equity securities, and all other marginable non-equity securities as defined in paragraph (a)(16) of this Rule.

(D) Baskets.—Notwithstanding the other provisions of this Rule, a member organization may clear and carry basket transactions of one or more members or member organizations registered as market-makers (who are deemed specialists for purposes of Section 7 of the Securities Exchange Act of 1934 pursuant to the rules of a national securities exchange) upon a margin basis satisfactory to the concerned parties, provided all real and potential risks in accounts carried under such arrangements are at all times adequately covered by the margin maintained in the account or, in the absence thereof, by the carrying member organization's excess net capital Rule 325 – NYSE Alternext Equities.

(E) Special Provisions.—Notwithstanding the foregoing in this sub-section (e)(2),

(i) A member organization may, at its discretion, permit the use of accrued interest as an offset to the maintenance margin required to be maintained, and

(ii) The Exchange, upon written application, may permit lower margin requirements on a case-by-case basis.

(F) Transactions With Exempt Accounts Involving Certain “Good Faith” Securities.

On any position resulting from a transaction involving exempted securities, mortgage related securities, or major foreign sovereign debt securities made for or with an “exempt account”, no margin need be required and any marked to the market loss on such position need not be collected. However, the amount of any uncollected marked to the market loss shall be deducted in computing the Net Capital of the member organization under the Exchange's Capital Requirements, subject to the limits in paragraph (e)(2)(H) below.

(G) Transactions with Exempt Accounts Involving Highly Rated Foreign Sovereign Debt Securities and Investment Grade Debt Securities

On any position resulting from a transaction made for or with an “exempt account” (other than a position subject to paragraph (e)(2)(F)), the margin to be maintained on highly rated foreign sovereign debt and investment grade debt securities shall be, in lieu of any greater requirements imposed under this Rule, (i) 0.5% of current market value in the case of highly rated foreign sovereign debt securities and (ii) 3% of current market value in the case of all other investment grade debt securities. The member organization need not collect any such margin; provided the amount equal to the margin required shall be deducted in computing the Net Capital of the member organization under the Exchange's Capital Requirements. In computing the margin required, any marked to market losses included as a deduction to Net Capital shall be subject to the provisions in paragraph (e)(2)(H) below.

(H) Limits on Net Capital Deductions for Exempt Accounts

(i) Member organizations shall maintain a written risk analysis methodology for assessing the amount of credit extended to exempt accounts pursuant to paragraphs (e)(2)(F) and (e)(2)(G) which shall be made available to the Exchange upon request.

(ii) In the event that the Net Capital deductions taken by a member organization as a result of marked to the market losses incurred under paragraphs (e)(2)(F) and (e)(2)(G)(exclusive of the percentage requirements established thereunder) exceed:

(1) On any one account or group of commonly controlled accounts, 5% of the member organization's Tentative Net Capital (Net Capital before deductions on securities); or

(2) On all accounts combined, 25% of the member organization's Tentative Net Capital (Net Capital before deductions on securities); then, unless such excess no longer exists on the fifth business day after it was incurred, the member organization (1) shall give prompt written notice to the Exchange and (2) shall not enter into any new transaction(s) subject to the provisions of paragraphs (e)(2)(F) or (e)(2)(G) that would result in an increase in the amount of such excess under, as applicable, subparagraph (i) or (ii) above.

(3) Joint Accounts in Which the Carrying Organization or a Partner or Stockholder Therein Has an Interest.—In the case of a joint account carried by a member organization, in which such organization, or any partner, member, allied member or any stockholder (other than a holder of freely transferable stock only) of such member organization participates with others, each participant other than the carrying member organization shall maintain an equity with respect to such interest pursuant to the margin provisions of the Rule as if such interest were in a separate account.

(4) International Arbitrage Accounts.—International arbitrage accounts for non-member foreign brokers or dealers who are members of a foreign securities exchange shall not be subject to this Rule. The amount of any deficiency between the equity in such an account and the margin required by the other provisions of this Rule shall be deducted in computing the Net Capital of the member organization under the Exchange's Capital Requirements.

(5) Specialists' and Market Makers' Accounts.—

(A) A member organization may carry the account of an “approved specialist or market maker”, which account is limited to specialist or market making transactions, including option hedge transactions established pursuant to the requirements of Rule 105 – NYSE Alternext Equities, upon a margin basis which is satisfactory to both parties. The amount of any deficiency between the equity in the account and haircut requirements pursuant to SEA Rule 15c3-1 (Net Capital) shall be deducted in computing the Net Capital of the member organization under the Exchange's Capital Requirements. However, when computing Net Capital deductions for transactions in securities covered by paragraphs (e)(2)(F) and (e)(2)(G) of this Rule, the respective requirements of those paragraphs may be used, rather than the haircut requirements of SEA Rule 15c3-1.

For the purpose of this paragraph (e)(5)(A), the term “approved specialist or market maker” means either:

(i) a specialist or market maker, who is deemed a specialist for all purposes under the Securities Exchange Act of 1934 and who is registered pursuant to the rules of a national securities exchange; or

(B) In the case of a joint account carried by a member organization in accordance with paragraph (e)(5)(A) above in which the member organization participates, the equity maintained in the account by the other participants may be in any amount which is mutually satisfactory. The amount of any deficiency between the equity maintained in the account by the other participants and their proportionate share of the haircut requirements pursuant to SEA Rule 15c3-1 (Net Capital), shall be deducted in computing the Net Capital of the member organization under the Exchange's Capital Requirements. However, when computing Net Capital deductions for transactions in securities covered by paragraphs (e)(2)(F) and (e)(2)(G) of this Rule, the respective requirements of those paragraphs may be used, rather than the haircut requirements of SEA Rule 15c3-1.

(6)(A) Broker/Dealer Accounts.—A member organization may carry the proprietary account of another broker/dealer, which is registered with the Securities and Exchange Commission, upon a margin basis which is satisfactory to both parties, provided the requirements of Regulation T of the Board of Governors of the Federal Reserve System and Rules 400 through 406 under the Exchange Act and Rules 41.42 through 41.48 under the CEA are adhered to and the account is not carried in a deficit equity condition. The amount of any deficiency between the equity maintained in the account and the haircut requirements pursuant to SEA Rule 15c3-1 (Net Capital) shall be deducted in computing the Net Capital of the member organization under the Exchange's Capital Requirements. However, when computing Net Capital deductions for transactions in securities covered by paragraphs (e)(2)(F) and (e)(2)(G) of this Rule, the respective requirements of those paragraphs may be used, rather than the haircut requirements of SEA Rule 15c3-1.

(B) Joint Back Offices Arrangements.—An arrangement may be established between two or more registered broker-dealers pursuant to Regulation T Section 220.(7)(c) to form a joint back office (“JBO”) arrangement for carrying and clearing or carrying accounts of participating broker-dealers. Member organizations must provide written notification to the Exchange prior to establishing a JBO (also see Rule 313 – NYSE Alternext Equities for requirements regarding submission of partnership/corporate documents.)

(i) A carrying and clearing, or carrying member organization must:

(1) maintain a minimum Tentative Net Capital of \$25 million as computed pursuant to SEA Rule 15c3-1, except that a member organization whose primary business consists of the clearance of options market-maker accounts, may carry JBO accounts provided that it maintains a minimum Net Capital of \$7 million as computed pursuant to SEA Rule 15c3-1. In addition, the member organization must include its ratio of gross options market maker deduction to Net Capital required by the provisions of SEA Rule 15c3-1, gross deductions for JBO participant accounts. Clearance of option market maker accounts shall be deemed a broker-dealer's primary business if a minimum of 60% of the aggregate deductions in the above ratio are options market maker

deductions. In the event that a carrying and clearing or carrying member organization's Tentative Net Capital or Net Capital, respectively, has fallen below the above requirements, the firm shall (a) promptly notify the Exchange in writing of such deficiency, (b) take appropriate action to resolve such deficiency within three consecutive business days, or not permit any new transactions to be entered into pursuant to the Joint Back Office arrangement.

(2) maintain a written risk analysis methodology for assessing the amount of credit extended to participating broker-dealers which shall be made available to the Exchange upon request; and

(3) deduct from Net Capital haircut requirements pursuant to SEA Rule 15c3-1 in excess of the equity maintained in the accounts of the participating broker-dealers. However, when computing Net Capital deductions for transactions in securities covered by paragraphs (e)(2)(F) and (e)(2)(G) of this Rule, the respective requirements of those paragraphs may be used, rather than the haircut requirements of SEA Rule 15c3-1.

(ii) A participating broker-dealer must:

(1) be a registered broker-dealer subject to the SEC's Net Capital rule;

(2) maintain an ownership interest in the carrying/clearing member organization pursuant to Regulation T of the Federal Reserve Board Section 220.7; and

(3) maintain a minimum liquidating equity of \$1 million in the Joint Back Office arrangement exclusive of the ownership interest established in (2) above. When the minimum liquidating equity decreases below the \$1 million requirement, the participant must deposit an amount sufficient to eliminate this deficiency within 5 business days or be subject to margin account requirements prescribed for customers in Regulation T, and the margin requirements pursuant to the other provisions of this Rule.

(7) **Nonpurpose Credit.**—In a nonsecurities credit account, a member organization may extend and maintain nonpurpose credit to or for any customer without collateral or on any collateral whatever, provided:

(A) the account is recorded separately and confined to the transactions and relations specifically authorized by Regulation T of the Board of Governors of the Federal Reserve System;

(B) the account is not used in any way for the purpose of evading or circumventing any regulation of the Exchange or of the Board of Governors of the Federal Reserve System and Rules 400 through 406 under the Exchange Act and Rules 41.42 through 41.48 under the CEA; and

(C) the amount of any deficiency between the equity in the account and the margin required by the other provisions of this Rule shall be deducted in computing the Net Capital of the member organization under the Exchange's Capital Requirements.

(The term “nonpurpose credit” means an extension of credit other than “purpose credit”, as defined in Section 220.2 of Regulation T of the Board of Governors of the Federal Reserve System.)

(8) Shelf-Registered, Control and Restricted Securities.

(A) Shelf-Registered Securities.—The equity to be maintained in margin accounts of customers for securities which are the subject of a current and effective registration for a delayed offering (shelf-registered securities) shall be at least the amount of margin required by section (c) of this Rule, provided the member organization:

(i) obtains a current prospectus in effect with the Securities and Exchange Commission, meeting the requirements of section 10 of the Securities Act of 1933, covering such securities;

(ii) has no reason to believe the Registration Statement is not in effect or that the issuer has been delinquent in filing such periodic reports as may be required of it with the Securities and Exchange Commission and is satisfied that such registration will be kept in effect and that the prospectus will be maintained on a current basis; and

(iii) retains a copy of such Registration Statement, including the prospectus, in an easily accessible place in its files.

Shelf-registered securities which do not meet all the conditions prescribed above shall have no value for purposes of this Rule.

(Also see paragraph (e)(8)(C).)

(B) Control and Restricted Securities.—The equity in accounts of customers for control securities and other restricted securities of issuers who continue to maintain a consistent history of filing annual and periodic reports in timely fashion pursuant to the formal continuous disclosure system under the Securities Exchange Act of 1934, which are subject to Rule 144 or 145(d) of the Securities Act of 1933, shall be 40% of the current market value of such securities “long” in the account, provided the member organization:

(i) in computing Net Capital under Rule 325 – NYSE Alternext Equities, deducts any margin deficiencies in customers' accounts based upon a margin requirement as specified in sub-paragraph (C)(iv) of this sub-section (e)(8) for such securities and values only that amount of such securities which are then saleable under Rule 144 or 145(d) of the Securities Act of 1933 in conformity with all of the applicable terms and conditions thereof, for purposes of determining such deficiencies; and

(ii) makes volume computations necessary to determine the amount of securities then saleable under Rule 144 or 145(d) of the Securities Act of 1933 on a weekly basis or at such frequency as the member organization and/or the Exchange may deem appropriate under the circumstances.

(Also see paragraph (e)(8)(C).)

(C) Additional Requirements on Shelf-Registered Securities and Control and Restricted Securities.—A member organization extending credit on shelf-registered, control and other restricted securities in margin accounts of customers shall be subject to the following additional requirements:

(i) The Exchange may at any time require reports from member organizations showing relevant information as to the amount of credit extended on shelf-registered, control and restricted securities and the amount, if any, deducted from Net Capital due to such security positions.

(ii) The greater of the aggregate credit agreed, in writing, to be or actually extended to all customers on control and restricted securities of any one issue that exceeds 10% of the member organization's excess Net Capital shall be deducted from Net Capital for purposes of determining a member organization's status under Rule 326 – NYSE Alternext Equities. The amount of such aggregate credit extended, which has been deducted in computing Net Capital under Rule 325 – NYSE Alternext Equities, need not be included in this calculation. The Exchange, upon written application, may reduce the deduction to Net Capital under Rule 326 – NYSE Alternext Equities to 25% of such aggregate credit extended on those positions that exceed 10% but are less than 15% of the member organization's excess Net Capital.

(iii) The aggregate credit extended on all control and restricted securities reduced by the amount of credit extended which has been deducted in computing Net Capital under Rule 325 – NYSE Alternext Equities shall be deducted from Net Capital on the following basis for purposes of determining a member organization's status under Rule 326 – NYSE Alternext Equities:

(1) To the extent such net amount of credit extended does not exceed 50% of a member organization's excess Net Capital, 25% of such net amount of credit extended, and

(2) 100% of such net amount of credit extended which exceeds 50% of a member organization's excess Net Capital.

(iv) **Concentration Reduction.**—A concentration exists whenever the aggregate position in control and restricted securities of any one issue, excluding “excess securities” (as defined below), exceeds (1) 10% of the outstanding shares or (2) 100% of the average weekly volume during the preceding three month period. Where a concentration exists, for purposes of computing subparagraph (B)(i) of this sub-section (e)(8), the margin requirement on such securities shall be, based on the greater of (1) or (2) above, as specified below:

<u>Percent of Outstanding Shares</u>	<u>or</u>	<u>Percent of Average Weekly Volume</u>	<u>Margin Requirement</u>
<u>Up to 10%</u>		<u>Up to 100%</u>	<u>25%</u>
<u>Over 10% and under 15%</u>		<u>Over 100% and under 200%</u>	<u>30%</u>
<u>15% and under 20%</u>		<u>200% and under 300%</u>	<u>45%</u>
<u>20% and under 25%</u>		<u>300% and under 400%</u>	<u>60%</u>
<u>25% and under 30%</u>		<u>400% and under 500%</u>	<u>75%</u>
<u>30% and above</u>		<u>500% and above</u>	<u>100%</u>

For purposes of this sub-paragraph (e)(8)(C)(iv), “excess securities” shall mean the amount of securities, if any, by which the aggregate position in control and restricted securities of any one issue exceeds the aggregate amount of securities that would be required to support the aggregate credit extended on such control and restricted securities if the applicable margin requirement were 50%.

(v) The amount to be deducted from Net Capital for purposes of determining a member organization's status under Rule 326 – NYSE Alternext Equities, pursuant to this paragraph (e)(8)(C), shall not exceed 100% of the aggregate credit extended reduced by any amount deducted in computing Net Capital under Rule 325 – NYSE Alternext Equities.

(D) Restricted Securities.—Securities either:

(i) then saleable pursuant to the terms and conditions of Rule 144(k) under the Securities Act of 1933, or

(ii) then saleable pursuant to the terms and conditions of Rule 145(d)(2) or (d)(3) under such Act, shall not be subject to the provisions of this sub-section (e)(8), provided that the issuer continues to maintain a consistent history of filing annual and periodic reports in timely fashion pursuant to the formal continuous disclosure system under the Securities Exchange Act of 1934.

(f) Other Provisions

(1) Determination of Value for Margin Purposes.—Active securities dealt in on a national securities exchange shall, for margin purposes, be valued at current market prices. Other securities shall be valued conservatively in view of current market prices and the amount which might be realized upon liquidation. Substantial additional margin must be required in all cases where the securities carried in “long” or “short” positions are subject to unusually rapid or violent changes in value, or do not have an active market on a national securities exchange, or where the amount carried is such that the position(s) cannot be liquidated promptly.

(2) Puts, Calls, Other Options, Currency Warrants, Currency Index Warrants and Stock Index Warrants.

(A) Except as provided below, and in the case of a put, call, index stock group option, or stock index warrant with a remaining period to expiration exceeding 9 months, no put, call, currency warrant, currency index warrant or stock index warrant carried for a customer shall be considered of any value for the purpose of computing the margin to be maintained in the account of such customer.

(B) The issuance, guarantee or sale (other than a “long” sale) for a customer of a put, a call, a currency warrant, a currency index warrant or a stock index warrant shall be considered a security transaction subject to section (b) of this Rule.

(C) For purposes of this sub-section (f)(2), obligations issued by the United States Government shall be referred to as United States Government obligations. Mortgage pass-through obligations guaranteed as to timely payment of principal and interest by the Government National Mortgage Association shall be referred to as GNMA obligations.

The terms “current market value” or “current market price” of an option, currency warrant, currency index warrant or stock index warrant are as defined in Section 220.2 of Regulation T of the Board of Governors of the Federal Reserve System.

The term “exercise settlement amount” shall mean the difference between the “aggregate exercise price” and the “aggregate current index value” (as such terms are defined in the pertinent By-Laws of the Options Clearing Corporation).

The term “stock option (contract)” shall mean an option contract on a single stock. The term “index stock group option (contract)” shall mean an option contract on an index stock group.

The terms “call” and “put” as used in connection with currency, currency index or stock index warrant mean a warrant structured as a “call” or “put” (as appropriate) on the underlying currency, index currency group or index stock group (as the case may be).

When used in respect of a currency index warrant or a stock index warrant, the term “index group value” shall mean \$1.00 (1) multiplied by the numerical value reported for the index that is derived from the market prices of the currencies in the index currency group or the stocks in the index stock group and (2) divided by the applicable divisor stated in the prospectus (if any).

A “registered clearing agency” shall mean a clearing agency as defined in Section 3(a)(23) of the Exchange Act that is registered with the Securities and Exchange Commission pursuant to Section 17A(b)(2) of the Act.

The term “underlying component” shall mean in the case of stock, the equivalent number of shares; industry and broad index stock groups, the current index group value and the applicable index multiplier; U.S. Treasury bills, notes and bonds, the underlying principal amount; foreign currencies, the units per foreign currency contract; and interest rate contracts, the interest rate measure based on the yield of U.S. Treasury bills, notes or bonds and the applicable multiplier. The term “interest rate measure” represents, in the case of short term U.S. Treasury bills, the annualized discount yield of a specific issue multiplied by ten or, in the case of long term U.S. Treasury notes and bonds, the average of the yield to maturity of the specific issues multiplied by ten.

The term “butterfly spread” means an aggregation of positions in three series of either puts or calls, structured as either: (A) a “long butterfly spread” in which two short options in the same series are offset by one long option with a higher exercise price and one long option with a lower exercise price or (B) a “short butterfly spread” in which two long options in the same series offset one short option with a higher exercise price and one short option with a lower exercise price, all of which have the same contract size, underlying component or index and time of expiration, are and based on the same aggregate current underlying value, where the interval between the exercise price of each series is equal, and the exercise prices are in ascending order.

The term “box spread” means an aggregation of positions in a long call and short put with the same exercise price (“buy side”) coupled with a long put and short call with the same exercise price (“sell side”) structured as: (A) a “long box spread” in which the sell side exercise price exceeds the buy side exercise price or, (B) a “short box spread” in which the buy side exercise price exceeds the sell side exercise price, all of which have the same contract size, underlying component or index and time of expiration, and are based on the same aggregate current underlying value.

The term “calendar spread” or “time spread” means the sale of one option and the simultaneous purchase of another option of the same type, both specifying the same underlying component with the same exercise price or different exercise prices, where the “long” option expires after the “short” option.

The term “long condor spread” means an aggregation of positions in four series of either puts or calls, structured as a long option with the lowest exercise price, two short options with the next two consecutively higher exercise prices and a long option with the highest exercise price, all of which have the same contract size, underlying component or index and time of expiration, are based on the same aggregate current underlying value, where the interval between the exercise price of each series is equal, and the exercise prices are in consecutive order. This strategy can also be considered as a combination of two long butterfly spreads, as defined in this subsection (f)(2)(C).

The term “short iron butterfly spread” means an aggregation of positions in two series of puts and two series of calls, structured as a short put and a short call with the same exercise price, offset by a long put with a lower exercise price and a long call with a higher exercise price, all of which have the same contract size, underlying component or index and time of expiration, are based on the same aggregate current underlying value, where the interval between the exercise price of each series is equal, and the exercise prices are in consecutive order. This strategy can also be considered as a combination of one long butterfly spread and one short box spread, as defined in this subsection (f)(2)(C).

The term “short iron condor spread” means an aggregation of positions in two series of puts and two series of calls, structured as a long put with the lowest exercise price, a short put and a short call with the next two consecutively higher exercise prices, and a long call with the highest exercise price, all of which have the same contract size, underlying component or index and time of expiration, are based on the same aggregate current underlying value, where the interval between the exercise price of each series is equal, and the exercise prices are in consecutive order. This strategy can also be considered a combination of two long butterfly spreads and one short box spread, as defined in this subsection (f)(2)(C).

The term “long calendar butterfly spread” means an aggregation of positions in three series of either puts or calls, structured as two short options with the same exercise price, offset by a long option with a lower exercise price and a long option with a higher exercise price, all of which have the same contract size, underlying component or index, are based on the same aggregate current underlying value, where the interval between the exercise price of each series is equal, the exercise prices are in consecutive order, and one long option expires after the other three options expire concurrently. However, a long calendar butterfly spread cannot be composed of cash-settled, European style index options. This strategy can also be considered a combination of one long calendar spread and one long butterfly spread, as defined in this subsection (f)(2)(C).

The term “long calendar condor spread” means an aggregation of positions in four series of either puts or calls, structured as a long option with the lowest exercise price, two short options with the next two consecutively higher exercise prices and a long option with the highest exercise price, all of which have the same contract size, underlying component or index, are based on the same aggregate current underlying value, where the interval between the exercise price of each

series is equal, the exercise prices are in consecutive order, and one long option expires after the other three options expire concurrently. However, a long calendar condor spread cannot be composed of cash-settled, European style index options. This strategy can also be considered a combination of one long calendar spread and two long butterfly spreads, as defined in this subsection (f)(2)(C).

The term “short calendar iron butterfly spread” means an aggregation of positions in two series of puts and two series of calls, structured as a short put and a short call with the same exercise price, offset by a long put with a lower exercise price and a long call with a higher exercise price, all of which have the same contract size, underlying component or index, are based on the same aggregate current underlying value, where the interval between the exercise price of each series is equal, the exercise prices are in consecutive order, and one long option expires after the other three options expire concurrently. However, a short calendar iron butterfly spread cannot be composed of cash-settled, European style index options. This strategy can also be considered a combination of one long calendar spread, one long butterfly spread, and one short box spread, as defined in this subsection (f)(2)(C).

The term “short calendar iron condor spread” means an aggregation of positions in two series of puts and two series of calls, structured as a long put with the lowest exercise price, a short put and a short call with the next two consecutively higher exercise prices and a long call with the highest exercise price, all of which have the same contract size, underlying component or index, are based on the same aggregate current underlying value, where the interval between the exercise price of each series is equal, the exercise prices are in consecutive order, and one long option expires after the other three options expire concurrently. However, a short calendar iron condor spread cannot be composed of cash-settled, European style index options. This strategy can also be considered a combination of one long calendar spread, two long butterfly spreads, and one short box spread, as defined in this subsection (f)(2)(C).

The term “escrow agreement”, when used in connection with cash settled calls, puts, currency warrants, currency index warrants or stock index warrants, carried short, means any agreement issued in a form acceptable to the Exchange under which a bank holding cash, cash equivalents, one or more qualified equity securities or a combination thereof in the case of a call or warrant or cash, cash equivalents or a combination thereof in the case of a put or warrant is obligated (in the case of an option) to pay the creditor the exercise settlement amount in the event an option is assigned an exercise notice or, (in the case of a warrant) the funds sufficient to purchase a warrant sold short in the event of a buy-in.

In the case of any put, call, currency warrant, currency index warrant, or stock index warrant carried “long” in a customer's account which expires in 9 months or less, initial margin must be deposited and maintained equal to at least 100% of the purchase price of the option or warrant.

Long Listed Option or Warrant With An Expiration Exceeding 9 Months. In the case of a put, call, index stock group option, or stock index warrant that is issued by a registered clearing agency, margin must be deposited and maintained equal to at least 75% of the current market value of the option or warrant; provided the option or warrant has a remaining period to expiration exceeding 9 months.

Long OTC Option or Warrant With An Expiration Exceeding 9 Months. In the case of a put, call, index stock group option, or stock index warrant carried long that is not issued by a registered clearing agency, margin must be deposited and maintained equal to at least 75% of the option's or warrant's "in-the-money" amount plus 100% of the amount, if any, by which the current market value of the option or warrant exceeds its "in-the-money" amount provided the option or warrant:

- (1) is guaranteed by the carrying broker-dealer,
- (2) has an American style exercise provision, and
- (3) has a remaining period to expiration exceeding 9 months.

(D) The margin required on any put, call, currency warrant, currency index warrant, or stock index warrant issued, guaranteed or carried "short" in a customer's account shall be:

(i) In the case of puts and calls issued by a registered clearing agency, 100% of the current market value of the option plus the percentage of the current value of the underlying component specified in column II of this subsection (D)(i) below. In the case of currency warrants, currency index warrants and stock index warrants, 100% of the current market value of each such warrant plus the percentage of the warrant's current "underlying component value" (as column IV of this subsection (D)(i) describes) specified in column II of this subsection (D)(i) below.

The minimum margin on any put, call, currency warrant, currency index warrant or stock index warrant issued, guaranteed or carried "short" in a customer's account may be reduced by any "out-of-the-money amount" (as defined in this subsection (D)(i) below), but shall not be less than 100% of the current market value of the option or warrant plus the percentage of the current value of the underlying component specified in column III of this subsection (D)(i) below, except in the case of any put issued, guaranteed or carried "short" in a customer's account. Margin on such put option contract shall not be less than the current value of the put option plus the percentage of the put option's exercise price as specified in column III of this subsection (D)(i).

	<u>I</u> <u>Type</u> <u>of</u> <u>Option</u>	<u>II</u> <u>Initial and/or</u> <u>Maintenance</u> <u>Margin Required</u>	<u>III</u> <u>Minimum</u> <u>Margin</u> <u>Required</u>	<u>IV</u> <u>Underlying</u> <u>Component Value</u>
(1)	<u>Stock</u>	<u>20%</u>	<u>10%</u>	<u>The equivalent number of shares at current market prices</u>
(2)	<u>Option on Industry index stock group</u>	<u>20%</u>	<u>10%</u>	<u>The product of the current index group value and the applicable index multiplier</u>
(3)	<u>Option on Broad index stock group</u>	<u>15%</u>	<u>10%</u>	<u>The product of the current index group value and the applicable index multiplier</u>
(4)	<u>U.S. Treasury bills—95 days or less to maturity</u>	<u>.35%</u>	<u>½%</u>	<u>The underlying principal amount</u>
(5)	<u>U.S. Treasury notes</u>	<u>.3%</u>	<u>½%</u>	<u>The underlying principal amount</u>
(6)	<u>U.S. Treasury bonds</u>	<u>3.5%</u>	<u>½%</u>	<u>The underlying principal amount</u>
(7)	<u>Foreign Currency Options and Warrants</u>			<u>The product of units per foreign currency contract and the closing spot price.</u>
	<u>Australian dollar</u>	<u>4%</u>	<u>¾%</u>	
	<u>British pound</u>	<u>4%</u>	<u>¾%</u>	
	<u>Canadian dollars</u>	<u>1%</u>	<u>¾%</u>	
	<u>German marks</u>	<u>4%</u>	<u>¾%</u>	
	<u>European</u>			
	<u>Currency Unit</u>	<u>4%</u>	<u>¾%</u>	
	<u>French franc</u>	<u>4%</u>	<u>¾%</u>	
	<u>Japanese yen</u>	<u>4%</u>	<u>¾%</u>	
	<u>Swiss franc</u>	<u>4%</u>	<u>¾%</u>	

(8)	<u>Currency Index warrants</u>		*	<u>The product of the index group value and the applicable index multiplier</u>
(9)	<u>Stock Index Warrant on broad index stock group</u>	<u>15%</u>	<u>10%</u>	<u>The product of the index group value and the applicable index multiplier</u>
(10)	<u>Stock Index Warrant on Industry index stock group</u>	<u>20%</u>	<u>10%</u>	<u>The product of the index group value and the applicable index multiplier</u>
(11)	<u>Interest Rate Contracts</u>	<u>10%</u>	<u>5%</u>	<u>The product of the current interest rate measure and the applicable multiplier</u>

*Subject to the approval of the Securities and Exchange Commission, the Exchange shall determine applicable initial, maintenance and minimum margin requirements for currency index warrants on a case-by-case basis.

For the purposes of this subsection (D)(i), “out-of-the-money amounts” are determined as follows:

<u>Option or Warrant Issue</u>	<u>Call</u>	<u>Put</u>
<u>Stock options</u>	<u>Any excess of the aggregate exercise price of the option over the current market value of the equivalent number of shares of the underlying security.</u>	<u>Any excess of the current market value of the equivalent number of shares of the underlying security over the aggregate exercise price of the option.</u>
<u>U.S. Treasury options</u>	<u>Any excess of the aggregate exercise price of the option over the current market value of the underlying principal amount.</u>	<u>Any excess of the current market value of the underlying principal amount over the aggregate exercise price of the option.</u>
<u>Index stock group options, currency index warrants and stock index warrants</u>	<u>Any excess of the aggregate exercise price of the option or warrant over the product of the current index group value and the applicable multiplier.</u>	<u>Any excess of the product of the current index group value and the applicable multiplier over the aggregate exercise price of the option or warrant.</u>
<u>Foreign currency options and warrants</u>	<u>Any excess of the aggregate exercise price of the option or warrant over the product of units per foreign currency contract and the closing spot prices.</u>	<u>The product of units per foreign currency contract and the closing spot prices over the aggregate price of the option or warrant.</u>
<u>Interest rate options</u>	<u>Any excess of the aggregate exercise price of the option over the product of the current interest rate measure value and the applicable multiplier.</u>	<u>Any excess of the product of the current interest rate measure value and the applicable multiplier over the aggregate exercise price of the option.</u>

If the option or warrant contract provides for the delivery of obligations with different maturity dates or coupon rates, the computation of the “out-of-the-money amount” if any, where required by this Rule, shall be made in such a manner as to result in the highest margin requirement on the short option or warrant position.

(ii) In the case of puts and calls issued by a registered clearing agency which represent options on GNMA obligations in the principal amount of \$100,000, 130% of the current market value of the option plus \$1,500, except that the margin required need not exceed \$5,000 plus the current market value of the option.

(iii) In the case of puts and calls not issued by a registered clearing agency the percentage of the current value of the underlying component and the applicable multiplier if any, specified in column II of this subsection (f)(2)(D)(iii) below, plus any “in-the-money amount” (as defined in this subsection (f)(2)(D)(iii)).

In the case of options not issued by a registered clearing agency, the margin on any put or call issued, guaranteed or carried “short” in a customer's account may be reduced by any “out-of-the-money amount” (as defined in subsection (f)(2)(D)(i)), but shall not be less than the percentage of the current value of the underlying component and the applicable multiplier if any, specified in column III of this subsection (f)(2)(iii) below, except in the case of any put issued, guaranteed or carried “short” in a customer's account. Margin on such put option contract shall not be less than the percentage of the put option's exercise price as specified in column III of this subsection (f)(2)(iii) below.

	<u>I</u> <u>Type</u> <u>of</u> <u>Option</u>	<u>II</u> <u>Initial and/or</u> <u>Maintenance</u> <u>Margin</u> <u>Required</u>	<u>III</u> <u>Minimum</u> <u>Margin</u> <u>Required</u>	<u>IV</u> <u>Underlying</u> <u>Component Value</u>
<u>(1)</u>	<u>Stock and convertible corporate debt securities</u>	<u>30%</u>	<u>10%</u>	<u>The equivalent number of shares at current market prices for stocks or the underlying principal amount for convertible corporate debt securities</u>
<u>(2)</u>	<u>Industry index stock group</u>	<u>30%</u>	<u>10%</u>	<u>The product of the current index group value and the applicable index multiplier</u>
<u>(3)</u>	<u>Broad index stock group</u>	<u>20%</u>	<u>10%</u>	<u>The product of the current index group value and the applicable index multiplier</u>
<u>(4)</u>	<u>U.S. Government or U.S. Government Agency debt securities other than those exempted by Rule 3a12-7 under the Securities Exchange Act of 1934*</u>	<u>5%</u>	<u>3%</u>	<u>The underlying principal amount</u>

(5)	<u>Corporate debt securities registered on a national securities exchange and marginable OTC corporate debt securities as defined in Regulation T Section 220.2</u>	<u>15%</u>	<u>5%</u>	<u>The underlying principal amount</u>
(6)	<u>All other OTC options not covered above</u>	<u>45%</u>	<u>20%</u>	<u>The underlying principal amount</u>

*Option contracts under category (4) must be for a principal amount of not less than \$500,000.

For the purpose of this subsection (f)(2)(D)(iii), “in-the-money amounts” are determined as follows:

<u>Option Issue</u>	<u>Call</u>	<u>Put</u>
<u>Stock options</u>	<u>Any excess of the current market value of the equivalent number of shares of the underlying security over the aggregate exercise price of the option.</u>	<u>Any excess of the aggregate exercise price of the option over the current market value of the equivalent number of shares of the underlying security.</u>
<u>Index stock group options</u>	<u>Any excess of the product of the current index group value and the applicable multiplier over the aggregate exercise price of the option.</u>	<u>Any excess of the aggregate exercise price of the option over the product of the current index group value and the applicable multiplier.</u>
<u>U.S. Government mortgaged related or corporate debt securities options</u>	<u>Any excess of the current value of the underlying principal amount over the aggregate exercise price of the option.</u>	<u>Any excess of the aggregate exercise price of the option over the current value of the underlying principal amount.</u>

(iv) Puts and calls not issued by a registered clearing agency and representing options on U.S. Government and U.S. Government Agency debt securities that qualify for exemption pursuant to Rule 3a12-7 under the Securities Exchange Act of 1934, must be for a principal amount of not less than \$500,000, and shall be subject to the following requirements:

(1) For exempt accounts, 3% of the current value of the underlying principal amount on thirty (30) year U.S. Treasury bonds and non-mortgage backed U.S. Government agency debt securities; and 2% of the current value of the underlying principal amount on all other U.S. Government and U.S. Government agency debt securities, plus any “in-the-money amount” (as defined in subsection (f)(2)(D)(iii)) or minus any “out-of-the-money amount” (as defined in subsection (f)(2)(D)(i)). The amount of any deficiency between the equity in the account and the margin required shall be deducted in computing the Net Capital of the member organization under the Exchange's Capital Requirements on the following basis:

(a) On any one account or group of commonly controlled accounts to the extent such deficiency exceeds 5% of a member organization's tentative Net Capital (net capital before deductions on securities), 100% of such excess amount, and

(b) On all accounts combined to the extent such deficiency exceeds 25% of a member organization's tentative Net Capital, 100% of such excess amount, reduced by any amount already deducted pursuant to (a) above.

(2) For non-exempt accounts, 5% of the current value of the underlying principal amount on thirty (30) year U.S. Treasury bonds and non-mortgage backed U.S. Government agency debt securities; and 3% of the current value of the underlying principal amount on all other U.S. Government and U.S. Government agency debt securities, plus any “in-the-money amount” or minus any “out-of-the-money amount”, provided the minimum margin shall not be less than 1% of the current value of the underlying principal amount.

For purposes of this subsection (f)(2)(D)(iv), an “exempt account” shall be defined as a member organization, non-member broker/dealer, “designated account”, any person having net tangible assets of at least sixteen million dollars or in the case of mortgage-related debt securities transactions an independently audited mortgage banker with both more than \$1.5 million of net current assets (which may include 3/4 of 1% maximum allowance on loan servicing portfolios) and with more than \$1.5 million of net worth.

(E)(i) Each put or call shall be margined separately and any difference between the current value of the underlying component and the exercise price of a put or call shall be considered to be of value only in providing the amount of margin required on that particular put or call. Substantial additional margin must be required on options issued, guaranteed or carried “short” with an unusually long period of time to expiration, or written on securities which are subject to unusually rapid or violent changes in value, or which do not have an active market, or where the securities subject to the option cannot be liquidated promptly.

(ii) No margin need be required on any “covered” put or call.

(F)(i) Where both a put and call specify the same underlying component are issued by a registered clearing agency and are carried “short” for a customer, the amount of margin required

shall be the margin on the put or call, whichever is greater, as required pursuant to (f)(2)(D)(i) above, plus the current market value of the other option.

When:

(1) a currency call warrant position is carried “short” for a customer account and is offset by a “short” currency put warrant and/or currency put option position;

(2) a currency put warrant position is carried “short” for a customer account and is offset by a “short” currency call warrant and/or currency put option position;

(3) a currency index call warrant position is carried “short” for a customer account and is offset by a “short” currency index put warrant and/or currency put option position;

(4) a currency index put warrant position is carried “short” for a customer account and is offset by a “short” currency index call warrant and/or currency index call option position;

(5) a stock index call warrant position is carried “short” for a customer account and is offset by a “short” stock index put warrant and/or stock index put option position;

(6) a stock index put warrant position is carried “short” for a customer account and is offset by a “short” stock index call warrant and/or stock index call option position;

(7) a broad index stock group call option position is carried “short” for a customer account and is offset by a “short” broad index stock group put option position; or

(8) a broad index stock group put option position is carried “short” for a customer account and is offset by a “short” broad index stock group call option position

and the offset position is of equivalent underlying value on the same currency, currency index or index stock group, as appropriate, then the amount of margin required shall be the margin on the put position or the call position, whichever is greater, as required pursuant to (D)(i) above, plus the current market value of the other warrant and/or option position.

(ii) Where either or both the put and call specifying the same underlying component are not issued by a registered clearing agency and are issued, guaranteed or carried “short” for a customer by the same broker-dealer (as defined in subsection (f)(2)(G) below), the amount of margin required shall be the margin on the put or call, whichever is greater, as required pursuant to (f)(2)(D)(iii) and (D)(iv) above, plus any unrealized loss on the other option. Where either or both the put or call are not issued, guaranteed or carried by the same broker-dealer then the put and call must be margined separately pursuant to subsections (f)(2)(D)(iii) and (D)(iv) above, however, the minimum margin shall not apply to the other option.

(iii) If both a put and call for the same GNMA obligation in the principal amount of \$100,000 are issued, guaranteed or carried “short” for a customer, the amount of margin required shall be the margin on the put or call, whichever is greater, as required pursuant to (f)(2)(D)(ii) above, plus the current market value of the other option.

(G)(i) Where a call that is issued by a registered clearing agency is carried “long” for a customer's account and the account is also “short” a call issued by a registered clearing agency, expiring on or before the date of expiration of the “long” listed call and specifying the same underlying component, the margin required on the “short” call shall be the lower of (1) the margin required pursuant to (f)(2)(D)(i) above or (2) the amount, if any, by which the exercise price of the “long” call exceeds the exercise price of the “short” call.

Where a put that is issued by a registered clearing agency is carried “long” for a customer's account and the account is also “short” a put issued by a registered clearing agency, expiring on or before the date of expiration of the “long” listed put and specifying the same underlying component, the margin required on the “short” put shall be the lower of (1) the margin required pursuant to (f)(2)(D)(i) above or (2) the amount, if any, by which the exercise price of the “short” put exceeds the exercise price of the “long” put.

(ii) Where a call warrant issued on an underlying currency, index currency group or index stock group is carried “long” for a customer's account and the account is also “short” a registered clearing agency-issued call option, and/or a call warrant, on the same underlying currency, index currency group, or index stock group, which “short” call position(s) expire on or before the date of expiration of the “long” call position and specify the same number of units of the same underlying currency or the same index multiplier for the same index currency group or index stock group, as the case may be, the margin required on the “short” call(s) shall be the lesser of (a) the margin required by (D)(i) above or (b) the amount, if any, by which the exercise price of the “long” call exceeds the exercise price(s) of the “short” call(s).

Where a put warrant issued on an underlying currency, index currency group or index stock group is carried “long” for a customer's account and the account is also “short” a registered clearing agency-issued put option, and/or a put warrant, on the same underlying currency, index currency group, or index stock group, which “short” put position(s) expire on or before the date of expiration of the “long” put position and specify the same number of units of the same underlying currency or the same index multiplier for the same index currency group or index stock group, as the case may be, the margin required on the “short” put(s) shall be the lesser of (a) the margin required by (D)(i) above or (b) the amount, if any, by which the exercise price(s) of the “short” put(s) exceed the exercise price of the “long” put.

(iii) Where a call that is issued by a registered clearing agency is carried “long” for a customer's account and the account is also “short” a call issued by a registered clearing agency, expiring on or before the date of expiration of the “long” listed call and written on the same GNMA obligation in the principal amount of \$100,000, the margin required on the “short” call shall be the lower of (1) the margin required pursuant to sub-paragraph (f)(2)(D)(ii) above or (2) the amount, if any, by which the exercise price of the “long” call exceeds the exercise price of the “short” call multiplied by the appropriate multiplier factor set forth below.

Where a put that is issued by a registered clearing agency is carried “long” for a customer's account and the account is also “short” a put issued by a registered clearing agency, expiring on or before the date of expiration of the “long” listed put and written on the same GNMA obligation in the principal amount of \$100,000, the margin required on the “short” put shall be the lower of (1) the margin required pursuant to sub-paragraph (f)(2)(D)(ii) above or (2) the amount, if any, by

which the exercise price of the “short” put exceeds the exercise price of the “long” put multiplied by the appropriate multiplier factor set forth below.

For purposes of this subparagraph (f)(2)(G)(iii), the multiplier factor to be applied shall depend on the then current highest qualifying rate as defined by the rules of the national securities exchange or national securities association on or through which the option is listed or traded. If the then current highest qualifying rate is less than 8%, the multiplier factor shall be 1; if the then current highest qualifying rate is greater than or equal to 8% but less than 10%, the multiplier factor shall be 1.2; if the then current highest qualifying rate is greater than or equal to 10% but less than 12%, the multiplier factor shall be 1.4; if the then current highest qualifying rate is greater than or equal to 12% but less than 14%, the multiplier factor shall be 1.5; if the then current highest qualifying rate is greater than or equal to 14% but less than 16%, the multiplier factor shall be 1.6; and if the then current highest qualifying rate is greater than or equal to 16% but less than or equal to 18%, the multiplier factor shall be 1.7. The multiplier factor or factors for higher qualifying rates shall be established by the Exchange as required.

(iv) Where a call that is issued by a broker-dealer is carried “long” for a customer's account and the account is also “short” a call issued by the same broker-dealer, expiring on or before the date of expiration of the “long” call and specifying the same underlying component, the margin required on the short “call” shall be the lower of (1) the margin required pursuant to subsections (f)(2)(D)(iii) or (D)(iv) above or (2) the amount, if any, by which the exercise price of the “long” call exceeds the exercise price of the “short” call.

Where a put that is issued by a broker-dealer is carried “long” for a customer's account and the account is “short” a put issued by the same broker-dealer, expiring on or before the date of expiration of the “long” put and specifying the same underlying component, the margin required on the “short” put shall be the lower of (1) the margin required pursuant to subsections (f)(2)(D)(iii) or (D)(iv) above or (2) the amount, if any, by which the exercise price of the “short” put exceeds the exercise price of the “long” put.

A “long” call and a “short” call or a long “put” and a “short” put are deemed to be issued by the same broker-dealer when either the broker-dealer has issued or guaranteed both options or issued or guaranteed one of the options and the other option was issued by a registered clearing agency on behalf of that broker-dealer. If the options are not issued by the same broker-dealer then the “short” put or “short” call must be margined separately pursuant to subsections (f)(2)(D)(iii) or (D)(iv) above.

(v) The following requirements set forth the minimum amount of margin which must be maintained in margin accounts of customers having positions in components underlying options, and stock index warrants, when such components are held in conjunction with certain positions in the overlying option or warrant. The option or warrant must be issued by a registered clearing agency or guaranteed by the carrying broker-dealer. In the case of a call or warrant carried in a short position, a related long position in the underlying component shall be valued at no more than the call/warrant exercise price for margin equity purposes.

Long Option or Warrant Offset. When a component underlying an option or warrant is carried long (short) in an account in which there is also carried a long put (call) or warrant

specifying equivalent units of the underlying component, the minimum amount of margin which must be maintained on the underlying component is 10% of the option/warrant exercise price plus the “out-of-the-money” amount, not to exceed the minimum maintenance required pursuant to paragraph (c) of this Rule.

Conversions: When a call or warrant carried in a short position is covered by a long position in equivalent units of the underlying component and there is also carried with a long put or warrant specifying equivalent units of the same underlying component and having the same exercise price and expiration date as the short call or warrant, the minimum amount of margin which must be maintained for the underlying component shall be 10% of the exercise price.

Reverse Conversions: When a put or warrant carried in a short position is covered by a short position in equivalent units of the underlying component and is also carried with a long call or warrant specifying equivalent units of the same underlying component and having the same exercise price and expiration date as the short put or warrant, the minimum amount of margin which must be maintained for the underlying component shall be 10% of the exercise price plus the amount by which the exercise price of the put exceeds the current market value of the underlying, if any.

Collars: When a call or warrant carried in a short position is covered by a long position in equivalent units of the underlying component and is also carried with a long put or warrant specifying equivalent units of the same underlying component and having a lower exercise price, and the same expiration date as the short call/warrant, the minimum amount of margin which must be maintained for the underlying component shall be the lesser of 10% of the exercise price of the put plus the put “out-of-the-money” amount or 25% of the call exercise price.

Butterfly Spread: This subparagraph applies to a butterfly spread as defined in subparagraph (f)(2)(C) of this Rule where all option positions are issued by a registered clearing agency or guaranteed by the carrying broker-dealer.

- (1) With respect to a long butterfly spread as defined in subparagraph f(2)(C) of this Rule, the net debit must be paid in full.
- (2) With respect to a short butterfly spread as defined in subparagraph f(2)(C) of this Rule, margin must be deposited and maintained equal to at least the amount of the difference between the two lowest exercise prices with respect to short butterfly spreads comprised of calls or the difference between the two highest exercise prices with respect to short butterfly spreads, comprised of puts. The net proceeds from the sale of short option components may be applied to the requirement.

Box Spread: This subparagraph applies to box spreads as defined in subparagraph f(2)(C) of this Rule, where all option positions are issued by a registered clearing agency or guaranteed by the carrying broker-dealer.

- (1) With respect to a long box spread as defined in subparagraph f(2)(C) of this Rule the net debit must be paid in full.

- (2) With respect to a short box spread as defined in subparagraph f(2)(C) of this Rule, margin must be deposited and maintained equal, at least the amount of the aggregate difference between the exercise prices. The net proceeds from the sale of short option components may be applied to the requirement.

Long Box Spread in European Style Options: With respect to a long box spread as defined in subparagraph f(2)(C) of this Rule, in which all component options have a European style exercise provision and are issued by a registered clearing agency or guaranteed by the carrying broker-dealer, margin must be deposited and maintained equal to at least 50% of the difference in the exercise prices. The net proceeds from the sale of short option components may be applied to the requirement. For margin purposes, the long box spread may be valued at an amount not to exceed 100% of the aggregate difference in the exercise prices.

Long Condor Spread: This subparagraph applies to a long condor spread as defined in subparagraph (f)(2)(C) of this Rule where all option positions are issued by a registered clearing agency or guaranteed by the carrying broker-dealer. With respect to a long condor spread as defined in subparagraph (f)(2)(C) of this Rule, the net debit must be paid in full.

Short Iron Butterfly Spread: This subparagraph applies to a short iron butterfly spread as defined in subparagraph (f)(2)(C) of this Rule where all option positions are issued by a registered clearing agency or guaranteed by the carrying broker-dealer. With respect to a short iron butterfly spread as defined in subparagraph (f)(2)(C) of this Rule, margin must be deposited and maintained equal to at least the amount of the exercise price interval. The net proceeds from the sale of short option components may be applied to the requirement.

Short Iron Condor Spread: This subparagraph applies to a short iron condor spread as defined in subparagraph (f)(2)(C) of this Rule where all option positions are issued by a registered clearing agency or guaranteed by the carrying broker-dealer. With respect to a short iron condor spread as defined in subparagraph (f)(2)(C) of this Rule, margin must be deposited and maintained equal to at least the amount of the exercise price interval. The net proceeds from the sale of short option components may be applied to the requirement.

Long Calendar Butterfly Spread: This subparagraph applies to a long calendar butterfly spread as defined in subparagraph (f)(2)(C) of this Rule where all option positions are issued by a registered clearing agency or guaranteed by the carrying broker-dealer. With respect to a long calendar butterfly spread as defined in subparagraph (f)(2)(C) of this Rule, the net debit must be paid in full.

Long Calendar Condor Spread: This subparagraph applies to a long calendar condor spread as defined in subparagraph (f)(2)(C) of this Rule where all option positions are issued by a registered clearing agency or guaranteed by the carrying broker-dealer. With respect to a long calendar condor spread as defined in subparagraph (f)(2)(C) of this Rule, the net debit must be paid in full.

Short Calendar Iron Butterfly Spread: This subparagraph applies to a short calendar iron butterfly spread as defined in subparagraph (f)(2)(C) of this Rule where all option positions are issued by a registered clearing agency or guaranteed by the carrying broker-dealer. With respect to a short calendar iron butterfly spread as defined in subparagraph (f)(2)(C) of this Rule, margin must

be deposited and maintained equal to at least the amount of the exercise price interval. The net proceeds from the sale of short option components may be applied to the requirement.

Short Calendar Iron Condor Spread: This subparagraph applies to a short calendar iron condor spread as defined in subparagraph (f)(2)(C) of this Rule where all option positions are issued by a registered clearing agency or guaranteed by the carrying broker-dealer. With respect to a short calendar iron condor spread as defined in subparagraph (f)(2)(C) of this Rule, margin must be deposited and maintained equal to at least the amount of the exercise price interval. The net proceeds from the sale of short option components may be applied to the requirement.

(H)(i) Where a call is issued, guaranteed or carried “short” against an existing net “long” position in the security under option or in any security immediately exchangeable or convertible, other than warrants, without restriction including the payment of money into the security under option, no margin need be required on the call, provided (1) such net long position is adequately margined in accordance with this Rule and (2) the right to exchange or convert the net “long” position does not expire on or before the date of expiration of the “short” call. Where a put is issued, guaranteed or carried “short” against an existing net “short” position in the security under option, no margin need be required on the put, provided such net “short” position is adequately margined in accordance with this Rule.

(ii) Where a call representing stock options is issued, guaranteed or carried “short” against an existing net “long” position in a warrant convertible into the underlying security under option, margin shall be required on the call equal to any amount by which the conversion price of the “long” warrant exceeds the exercise price of the call, provided (1) such net long position is adequately margined in accordance with this Rule and (2) the right to convert the net “long” position does not expire on or before the date of expiration of the “short” call. However, when a payment of money is required to convert the “long” warrant such warrant shall have no value for purposes of this Rule.

(iii) In determining net “long” and net “short” positions, for purposes of sub-paragraphs (f)(2)(H)(i) and (ii) above, offsetting “long” and “short” positions in exchangeable or convertible securities (including warrants) or in the same security, as discussed in sub-section (e)(1) of this Rule, shall be deducted. In computing margin on such an existing net security position carried against a put or call, the current market price to be used shall not be greater than the exercise price in the case of a call or less than the current market price in the case of a put and the required margin shall be increased by any unrealized loss.

(iv) Where a put or call option or stock index warrant is issued, guaranteed or carried “short” in the account of a customer against a letter of guarantee, or in the case of a call, an “escrow receipt”, that

(1) is in form satisfactory to the Exchange;

(2) is issued by a third party custodian bank or trust company (the “custodian”);

(3) either is held in the account at the time the put or call is written or is received in the account promptly thereafter; and

(4) in the case of an escrow receipt, is in compliance with the requirements of Rule 610 of The Options Clearing Corporation.

No margin need be required on the put or call.

In the case of a call option or warrant on an index stock group, the letter of guarantee or escrow receipt must certify that the custodian holds for the account of the customer as security for the letter either (1) cash, (2) cash equivalents, (3) one or more qualified securities, or (4) any combination thereof, having an aggregate market value, computed as at the close of business on the day the call is written, of not less than 100% of the aggregate current index value computed as at the same time and that the custodian will promptly pay the member organization the exercise settlement amount in the event the account is assigned an exercise notice. The letter of guarantee or escrow receipt may provide for substitution of qualified securities held as collateral provided that the substitution shall not cause the value of the qualified securities held to be diminished. A qualified security means (1) an equity security, other than a warrant, right or option, that is listed on any national securities exchange, or (2) any equity security, other than a warrant, listed in the current list of Marginable Over-the-Counter Stocks as published by the Board of Governors of the Federal Reserve System.

In the case of a call option contract, the letter of guarantee or escrow receipt must certify that the custodian holds for the account of the customer as security for the letter, the underlying security (or a security immediately convertible into the underlying security without the payment of money) or foreign currency and that the custodian will promptly deliver to the member organization the underlying security or foreign currency in the event the account is assigned an exercise notice.

In the case of a put option contract (including a put on a broad index stock group option) or stock index warrant, the letter of guarantee must certify that the custodian holds for the account of the customer as security for the letter, cash or cash equivalents which have an aggregate market value, computed as at the close of business on the day the put is written, of not less than 100% of the aggregate exercise price of the put and that the guarantor will promptly pay the member organization the exercise settlement amount (in the case of a put on a broad index stock group) or the aggregate exercise price (in the case of any other put on an option contract) in the event the account is assigned an exercise notice. Cash equivalents shall mean securities issued or guaranteed by the United States and having a maturity of one year or less to maturity.

(I) When a member or member organization issues or guarantees an option or stock index warrant to receive or deliver securities or foreign currencies for a customer, such option or stock index warrant shall be margined as if it were a put or call.

(J) **Registered specialists, market makers or traders.**—Notwithstanding the other provisions of this subsection (f)(2), a member organization may clear and carry the listed option transactions of one or more registered specialists, registered market makers or registered traders in options (whereby registered traders are deemed specialists for all purposes under the Exchange Act pursuant to the rules of a national securities exchange)(hereinafter referred to as “specialist(s)”), upon a “Good Faith” margin basis satisfactory to the concerned parties, provided the “Good Faith” margin requirement is not less than the Net Capital haircut deduction of the member organization carrying the transaction pursuant to Rule 325 – NYSE Alternext Equities. In lieu of collecting the

“Good Faith” margin requirement, a carrying member organization may elect to deduct in computing its Net Capital the amount of any deficiency between the equity maintained in the account and the “Good Faith” margin required.

For purposes of this paragraph (f)(2)(J), a permitted offset position means, in the case of an option in which a specialist or market maker makes a market, a position in the underlying asset or other related assets, and in the case of other securities in which a specialist or market maker makes a market, a position in options overlying the securities in which a specialist or market maker makes a market. Accordingly, a specialist or market maker in options may establish, on a share-for-share basis, a long or short position in the securities underlying the options in which the specialist or market maker makes a market, and a specialist or market maker in securities other than options may purchase or write options overlying the securities in which the specialist or market maker makes a market, if the account holds the following permitted offset positions:

(i) A short option position which is not offset by a long or short option position for an equal or greater number of shares of the same underlying security which is “in the money”;

(ii) A long option position which is not offset by a long or short option position for an equal or greater number of shares of the same underlying security which is “in the money”;

(iii) A short option position against which an exercise notice was tendered;

(iv) A long option position which was exercised;

(v) A net long position in a security (other than an option) in which a specialist makes a market;

(vi) A net short position in a security (other than an option) in which the specialist makes a market; or

(vii) A specified portfolio type as referred to in SEA Rule 15c3-1-Appendix A.

Permitted offset transactions must be effected for specialist or market making purposes such as hedging, risk reduction, rebalancing of positions, liquidation, or accommodation of customer orders, or other similar specialist or market maker purpose. The options specialist or market maker must be able to demonstrate compliance with this provision.

For purposes of this paragraph (f)(2)(J), the term “in the money” means the current market price of the underlying asset or index is not below (with respect to a call option) or above (with respect to a put option) the exercise price of the option; and, the term “overlying option” means a put option purchased or a call option written against a long position in an underlying asset; or a call option purchased or a put option written against a short position in an underlying asset.

Securities, including options, in such accounts shall be valued conservatively in the light of current market prices and the amount which might be realized upon liquidation. Substantial additional margin must be required or excess Net Capital maintained in all cases where the securities carried: (i) are subject to unusually rapid or violent changes in value including volatility in the expiration months of options, (ii) do not have an active market, or (iii) in one or more or all

accounts, including proprietary accounts combined, are such that they cannot be liquidated promptly or represent undue concentration of risk in view of the carrying organization's Net Capital and its overall exposure to material loss.

(K) The Exchange may at any time impose higher margin requirements in respect to any option or warrant position(s) when it deems such higher margin requirements are appropriate.

(L) **Exclusive designation.**—A customer may designate at the time an option order is entered which security held in the account is to serve in lieu of the required margin, if such service is offered by the member organization; or the customer may have a standing agreement with the member organization as to the method to be used for determining on any given day which security position will be used in lieu of the margin to support an option transaction. Any security held in the account which serves in lieu of the required margin for a short put or short call shall be unavailable to support any other option transaction in the account.

(M) **Cash account transactions.**—A member organization may make option transactions in a customer's cash account, providing:

(i) The transaction is permissible under Section 220.8 of Regulation T of the Board of Governors of the Federal Reserve System; or

(ii) **Spreads .**—A European style cash-settled index stock group option or stock index warrant carried in a short position is deemed a covered position, and eligible for the cash account, provided a long position in a European style cash-settled stock group index option, or stock index warrant having the same underlying component or index that is based on the same aggregate current underlying value, is held in or purchased for the account on the same day provided:

(A) the long position and the short position expire concurrently,

(B) the long position is paid in full, and

(C) there is held in the account at the time the positions are established, or received into the account promptly thereafter:

(1) cash or cash equivalents of not less than any amount by which the exercise price of the long call or call warrant (short put or put warrant) exceeds the exercise price of the short call or call warrant (long put or put warrant), to which requirement of net proceeds from the sale of the short position may be applied, or

(2) an escrow agreement.

The escrow agreement must certify that the bank holds for the account of the customer as security for the agreement 1) cash, 2) cash equivalents, or 3) a combination thereof having an aggregate market value at the time the positions are established of not less than any amount by which the exercise price of a long call or call warrant (short put or put warrant) exceeds the aggregate exercise price of a short call or call warrant (long put or put warrant) and that the bank will promptly pay the member organization such amount in the event the account is assigned an

exercise notice or that the bank will promptly pay the member organization funds sufficient to purchase a warrant sold short in the event of a buy-in.

(D) A long warrant may offset a short option contract and a long option contract may offset a short warrant provided they have the same underlying component or index and equivalent aggregate current underlying value.

(iii) Long Butterfly Spreads, Short Butterfly Spreads, Long Condor Spreads, Short Iron Butterfly Spreads or Short Iron Condor Spreads.—Put or call options carried in a short position are deemed covered positions and eligible for the cash account provided the account contains long positions of the same type which in conjunction with the short options, constitute a long butterfly spread, short butterfly spread, long condor spread, short iron butterfly spread, or short iron condor spread, as defined in subparagraph (f)(2)(C) of this Rule and provided:

all component options are listed, or guaranteed by the carrying broker-dealer,

all component options are European style,

all component options are cash settled,

the long options are held in, or purchased for the account on the same day,

all component options expire concurrently

with respect to a long butterfly spread as defined in subparagraph f(2)(C) of this Rule, the net debit is paid in full, and

with respect to a short butterfly spread as defined in subparagraph f(2)(C) of this Rule, are held in the account at the time the positions are established or received into the account promptly thereafter.

(1) cash or cash equivalents of not less than the amount of the difference between the two lowest exercise prices with respect to short butterfly spreads comprised of call options or the difference between the two highest exercise prices with respect to short butterfly spreads comprised of put options to which requirement the net proceeds from the sale of short option components may be applied, or

(2) an escrow agreement.

The escrow agreement must certify that the bank holds for the account of the customer as security for the agreement 1) cash, 2) cash equivalents or 3) a combination thereof having an aggregate market value at the time the positions are established of not less than the amount of the difference between the two lowest exercise prices with respect to short butterfly spreads comprised of calls or the difference between the two highest exercise prices with respect to short butterfly spreads comprised of puts and that the bank will promptly pay the member organization such amount in the event the account is assigned an exercise notice on the call (put) with the lowest (highest) exercise price.

(iv) **Box Spreads** .—Puts and calls carried in a short position are deemed covered positions and eligible for the cash account provided the account contains long positions which in conjunction with the short options constitute a box spread as defined in subparagraph f(2)(C) of this Rule provided:

all component options are listed, or guaranteed by the carrying broker-dealer,

all component options are European style,

all component options are cash settled,

the long options are held in, or purchased for the account on the same day,

all component options expire concurrently

with respect to a long box spread as defined in subparagraph f(2)(C) of this Rule, the net debit is paid in full, and

with respect to a short box spread as defined in subparagraph of this Rule, there is held in the account at the time the positions are established or received into the account promptly thereafter.

(1) cash or cash equivalents of not less than the amount of the difference between the exercise prices, which the net proceeds from the sale of short option components may be applied, or

(2) an escrow agreement.

The escrow agreement must certify that the bank holds for the account of the customer the security for the agreement 1) cash, 2) cash equivalents or 3) a combination thereof having an aggregate market value at the time the positions are established of not less than the amount of the difference between the exercise prices and that the bank will promptly pay the member organization such amount in the event the account is assigned an exercise notice on either short option.

(3) “When Issued” and “When Distributed” Securities.

(A) **Margin Accounts.**—The margin to be maintained on any transaction or net position in each “when issued” security shall be the same as if such security were issued.

Each position in a “when issued” security shall be margined separately and any unrealized profit shall be of value only in providing the amount of margin required on that particular position.

When an account has a “short” position in a “when issued” security and there are held in the account securities upon which the “when issued” security may be issued, such “short” position shall be marked to the market and the balance in the account shall for the purpose of this Rule be adjusted for any unrealized loss in such “short” position.

(B) **Cash Accounts** .—On any transaction or net position resulting from contracts for a “when issued” security in an account other than that of a member organization, non-member

broker/dealer, or a “designated account”, equity must be maintained equal to the margin required were such transaction or position in a margin account.

On any net position resulting from contracts for a “when issued” security made for or with a non-member broker/dealer, no margin need be required, but such net position must be marked to the market.

On any net position resulting from contracts for a “when issued” security made for a member organization or for or with a “designated account”, no margin need be required and such net position need not be marked to the market. However, where such net position is not marked to the market, an amount equal to the loss at the market in such position shall be deducted in computing the Net Capital of the member organization under the Exchange's Capital Requirements.

The provisions of this paragraph shall not apply to any position resulting from contracts on a “when issued” basis in a security

(i) which is the subject of a primary distribution in connection with a bona fide offering by the issuer to the general public for “cash”, or

(ii) which is exempt by the Exchange as involving a primary distribution.

The term “when issued” as used herein also means “when distributed”.

(4) **Guaranteed Accounts.**—Any account guaranteed by another account may be consolidated with such other account and the margin to be maintained may be determined on the net position of both accounts, provided the guarantee is in writing and permits the member organization carrying the account, without restriction, to use the money and securities in the guaranteeing account to carry the guaranteed account or to pay any deficit therein; and provided further that such guaranteeing account is not owned directly or indirectly by (a) a partner, member, allied member or any stockholder (other than a holder of freely transferable stock only) in the organization carrying such account or (b) a member, member organization, a partner, allied member or any stockholder (other than a holder of freely transferable stock only) therein having a definite arrangement for participating in the commissions earned on the guaranteed account. However, the guarantee of a limited partner or of a holder of non-voting stock, if based upon his resources other than his capital contribution to or other than his interest in a member organization, is not affected by the foregoing prohibition, and such a guarantee may be taken into consideration in computing margin to be maintained in the guaranteed account.

When one or more accounts are guaranteed by another account and the total margin deficiencies guaranteed by any guarantor exceeds 10% of the member organization's excess Net Capital, the amount of the margin deficiency being guaranteed in excess of 10% of excess Net Capital shall be deducted in computing the Net Capital of the member organization under the Exchange's Capital Requirements.

(5) **Consolidation of Accounts.**—When two or more accounts are carried for a customer, the margin to be maintained may be determined on the net position of said accounts, provided the customer has consented that the money and securities in each of such accounts may be used to carry or pay any deficit in all such accounts.

(6) Time Within Which Margin or “Mark to Market” Must Be Obtained.—The amount of margin or “mark to market” required by any provision of this Rule shall be obtained as promptly as possible and in any event within fifteen business days from the date such deficiency occurred, unless the Exchange has specifically granted the member organization additional time.

(7) Practice of Meeting Regulation T Margin Calls by Liquidation Prohibited.—When a “margin call”, as defined in Section 220.2 of Regulation T of the Board of Governors of the Federal Reserve System, is required in a customer's account, no member organization shall permit a customer to make a practice of either deferring the deposit of cash or securities beyond the time when such transactions would ordinarily be settled or cleared, or meeting the margin required by the liquidation of the same or other commitments in the account.

This prohibition on liquidations shall only apply to those accounts that, at the time of liquidation, are not in compliance with the equity to be maintained pursuant to the provisions of this Rule.

(8) Special Initial and Maintenance Margin Requirements.—

(A) Notwithstanding the other provisions of this Rule, the Exchange may, whenever it shall determine that market conditions so warrant, prescribe:

(i) higher initial margin requirements for the purpose of effecting new securities transactions and commitments in accounts of customers with respect to specific securities traded on the Exchange,

(ii) higher maintenance margin requirements for accounts of customers with respect to any securities, and

(iii) such other terms and conditions as the Exchange shall deem appropriate relating to initial and/or maintenance margin requirements for accounts of customers with respect to any securities.

(B) Day-Trading

(i) The term “day-trading” means the purchasing and selling or the selling and purchasing of the same security on the same day in a margin account except for:

(a) a long security position held overnight and sold the next day prior to any new purchases of the same security, or

(b) a short security position held overnight and purchased the next day prior to any new sales of the same security.

(ii) The term “pattern day trader” means any customer who executes four (4) or more day trades within five (5) business days. However, if the number of day trades is 6% or less of total trades for the five (5) business day period, the customer will not longer be considered a pattern day trader and the special requirements under paragraph (f)(8)(B)(iv) of this Rule will not apply.

(iii) The term “day trading buying power” means the equity in a customer's account at the close of business of the previous day, less any maintenance margin requirement as prescribed in paragraph (c) of this Rule, multiplied by four, for equity securities.

Whenever day-trading occurs in a customer's margin account the special maintenance margin required for the day trades in equity securities shall be 25% of the cost of all trades made during the day. For non-equities securities, the special maintenance margin shall be as required pursuant to the other provisions of this Rule. Alternatively, when two or more day trades occur on the same day in the same customer's account, the margin required may be computed utilizing the highest (dollar amount) open position during that day. To utilize the highest open position computation method, a record showing the “time and tick” of each trade must be maintained to document the sequence in which each day trade was completed.

(iv) Special Requirements for Pattern Day Traders.

(1) Minimum Equity Requirement for Pattern Day Traders.—The minimum equity required for the accounts of customers deemed to be pattern day traders shall be \$25,000. This minimum equity must be maintained in the customer's account at all times (see Supplementary Material .40 of this Rule).

(2) Pattern day traders cannot trade in excess of their day trading buying power as defined in paragraph (f)(8)(B)(iii) above. In the even a pattern day trader exceeds its day trading buying power which created a special maintenance margin deficiency, the following actions will be taken by the member organization:

(a) The account will be margined based on the cost of all the day trades made during the day, and

(b) The customer's day trading buying power will be limited to the equity in the customer's account at the close of business of the previous day, less the maintenance margin required in paragraph (c) of this Rule, multiplied by two, for equity securities.

(3) Pattern day traders who fail to meet their special maintenance margin calls as required within five business days from the date the margin deficiency occurs will be permitted to execute transaction only on a cash available basis for 90 days or until the special maintenance margin call is met.

(4) Pattern day traders are restricted from utilizing the guaranteed account provision pursuant to paragraph (f)(4) of this Rule for meeting the requirements of paragraph (f)(8)(B).

(5) Funds, deposited into a day trader's account to meet the minimum equity or maintenance margin requirements of this Rule 431(f)(8)(B) – NYSE Alternext Equities cannot be withdrawn for a minimum of two business days following the close of business on the day of deposit.

(C) When the equity in a customer's account, after giving consideration to the other provisions of this Rule, is not sufficient to meet the requirements of paragraph (f)(8)(A) or (B) additional cash or securities must be received into the account to meet any deficiency within five business days of the trade date.

In addition, on the sixth business day only, member organizations are required to deduct from Net Capital the amount of unmet maintenance margin calls pursuant to SEA Rule 15c3-1.

(9) **Free Riding in Cash Accounts Prohibited.**—No member organization shall permit a customer (other than a broker/dealer or a “designated account”) to make a practice, directly or indirectly, of effecting transactions in a cash account where the cost of securities purchased is met by the sale of the same securities. No member organization shall permit a customer to make a practice of selling securities with them in a cash account which are to be received against payment from another broker/dealer where such securities were purchased and are not yet paid for. A member organization transferring an account which is subject to a Regulation T 90-day freeze to another member organization shall inform the receiving member organization of such 90-day freeze.

The provisions of Section 220.8(c) of Regulation T of the Board of Governors of the Federal Reserve System dictate the prohibitions and exceptions against customers' free riding. Member organizations may apply to the Exchange in writing for waiver of a 90-day freeze not exempted by Regulation T.

(10) Customer Margin Rules Relating to Security Futures.

(A) Applicability. No member or member organization may effect a transaction involving, or carry an account containing, a security futures contract with or for a customer in a margin account, without obtaining proper and adequate margin as set forth in this section.

(B) Amount of customer margin.

(i) General Rule. As set forth in sections (b) and (c) of this Rule, the minimum initial and maintenance margin levels for each security futures contract, long and short, shall be twenty (20) percent of the current market value of such contract.

(ii) Excluded from the rules' requirements are arrangements between a member or member organization and a customer with respect to the customer's financing of proprietary positions in security futures, based on the member's or member organization's good faith determination that the customer is an “Exempted Person”, as defined in Rule 401(a)(9) under the Exchange Act, and Rule 41.43(a)(9) of the CEA, except for the proprietary account of a broker-dealer carried by a member organization pursuant to Section (e)(6)(A) of this Rule. Once a registered broker or dealer, or member of a national securities exchange ceases to qualify as an exempted person, it shall notify the member or member organization of this fact before establishing any new security futures positions. Any new security futures positions will be subject to the provisions of this part.

(iii) Permissible Offsets.—Notwithstanding the minimum margin levels specified in paragraph (f)(10)(B)(i) of this Rule, customers with offset positions involving security futures and related positions may have initial or maintenance margin levels (pursuant to the offset table below) that are lower than the levels specified in paragraph (f)(10)(B)(i) of this Rule.

<u>Description of Offset</u>	<u>Security underlying the Security Future</u>	<u>Initial Margin Requirement</u>	<u>Maintenance Margin Requirement</u>
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|---|--|---|--|---|
| 1 | <u>Long security future (or basket of security futures representing each component of a narrow-based securities index) and long put option on the same underlying security (or index).</u> | <u>Individual stock or narrow-based security index.</u> | <u>20% of the current market value of the long security future, plus pay for the long put in full.</u> | <u>The lower of: (1) 10% of the aggregate exercise price of the put plus the aggregate put out-of-the-money amount, if any; or (2) 20% of the current market value of the long security future.</u> |
| 2 | <u>Short security future (or basket of security futures representing each component of a narrow-based securities index) and short put option on the same underlying security (or index).</u> | <u>Individual stock or narrow-based security index.</u> | <u>20% of the current market value of the short security future, plus the aggregate put in-the-money amount, if any. Proceeds from the put sale may be applied.</u> | <u>20% of the current market value of the short security future, plus the aggregate put in-the-money amount, if any.</u> |
| 3 | <u>Long security future and Short position in the same security (or securities basket) underlying the security future.</u> | <u>Individual stock or narrow-based security index.</u> | <u>The initial margin required under Regulation T for the short stock or stocks.</u> | <u>5% of the current market value as defined in Regulation T of the stock or stocks underlying the security future.</u> |
| 4 | <u>Long security future (or basket of security futures representing each component of a narrow-based securities index) and short call option on the same underlying security (or index).</u> | <u>Individual stock or narrow-based security index.</u> | <u>20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any. Proceeds from the call sale may be applied.</u> | <u>20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any.</u> |
| 5 | <u>Long a basket of narrow-based security futures that together tracks a broad based index and short a broad-based security index call option contract</u> | <u>Narrow-based security index.</u> | <u>20% of the current market value of the long basket of narrow-based security futures, plus the aggregate call in-the-money amount, if any. Proceeds</u> | <u>20% of the current market value of the long basket of narrow-based security futures, plus the aggregate call in-the-money amount,</u> |

	<u>on the same index.</u>		<u>from the call sale may be applied.</u>	<u>if any.</u>
6	<u>Short a basket of narrow-based security futures that together tracks a broad-based security index and short a broad-based security index put option contract on the same index.</u>	<u>Narrow-based security index.</u>	<u>20% of the current market value of the short basket of narrow-based security futures, plus the aggregate put in-the-money amount, if any. Proceeds from the put sale may be applied.</u>	<u>20% of the current market value of the short basket of narrow-based security futures, plus the aggregate put in-the-money amount, if any.</u>
7	<u>Long a basket of narrow-based security futures that together tracks a broad-based security index and long a broad-based security index put option contract on the same index.</u>	<u>Narrow-based security index.</u>	<u>20% of the current market value of the long basket of narrow-based security futures, plus pay for the long put in full.</u>	<u>The lower of: (1) 10% of the aggregate exercise price of the put, plus the aggregate put out-of-the-money amount, if any; or (2) 20% of the current market value of the long basket of security futures.</u>
8	<u>Short a basket of narrow-based security futures that together tracks a broad-based security index and long a broad-based security index call option contract on the same index.</u>	<u>Narrow-based security index.</u>	<u>20% of the current market value of the short basket of narrow-based security futures, plus pay for the long call in full.</u>	<u>The lower of: (1) 10% of the aggregate exercise price of the call, plus the aggregate call out-of-the-money amount, if any; or (2) 20% of the current market value of the short basket of security futures.</u>
9	<u>Long security future and short security future on the same underlying security (or index).</u>	<u>Individual stock or narrow-based security index.</u>	<u>The greater of: (1) 5% of the current market value of the long security future; or (2) 5% of the current market value of the short security future.</u>	<u>The greater of: 5% of the current market value of the long security future; or (2) 5% of the current market value of the short security future.</u>

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|----|--|---|--|--|
| 10 | <u>Long security future, long put option and short call option. The long security future, long put and short call must be on the same underlying security and the put and call must have the same exercise price. (Conversion)</u> | <u>Individual stock or narrow-based security index.</u> | <u>20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any, plus pay for the put in full. Proceeds from the call sale may be applied.</u> | <u>10% of the aggregate exercise price, plus the aggregate call in-the-money amount, if any.</u> |
| 11 | <u>Long security future, long put option and short call option. The long security future, long put and short call must be on the same underlying security and the put exercise price must be below the call exercise price (Collar).</u> | <u>Individual stock or narrow-based security index.</u> | <u>20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any, plus pay for the put in full. Proceeds from call sale may be applied.</u> | <u>The lower of: (1) 10% of the aggregate exercise price of the put plus the aggregate put out-of-the-money amount, if any; or (2) 20% of the aggregate exercise price of the call, plus the aggregate call in-the-money amount, if any.</u> |
| 12 | <u>Short security future and long position in the same security (or securities basket) underlying the security future.</u> | <u>Individual stock or narrow-based security index</u> | <u>The initial margin required under Regulation T for the long security or securities.</u> | <u>5% of the current market value, as defined in Regulation T, of the long stock or stocks.</u> |
| 13 | <u>Short security future and long position in a security immediately convertible into the same security underlying the security future, without restriction, including the payment of money.</u> | <u>Individual stock or narrow-based security index</u> | <u>The initial margin required under Regulation T for the long security or securities.</u> | <u>10% of the current market value, as defined in Regulation T, of the long stock or stocks.</u> |
| 14 | <u>Short security future (or basket of security futures representing</u> | <u>Individual stock or narrow-based security</u> | <u>20% of the current market value of the short security future,</u> | <u>The lower of: (1) 10% of the aggregate exercise price of the</u> |

	<u>each component of a narrow-based securities index) and Long call option or warrant on the same underlying security (or index).</u>	<u>index.</u>	<u>plus pay for the call in full.</u>	<u>call, plus the aggregate call out-of-the-money amount, if any; or (2) 20% of the current market value of the short security future.</u>
15	<u>Short security future, short put option and long call option. The short security future, short put and long call must be on the same underlying security and the put and call must have the same exercise price. (Reverse Conversion)</u>	<u>Individual stock or narrow-based security index.</u>	<u>20% of the current market value of the short security future, plus the aggregate put in-the-money amount, if any, plus pay for the call in full. Proceeds from put sale may be applied.</u>	<u>10% of the aggregate exercise price, plus the aggregate put in-the-money amount, if any.</u>
16	<u>Long (short) a security future and short (long) an identical¹⁹ security future traded on a different market.</u>	<u>Individual stock and narrow-based security index.</u>	<u>The greater of: (1) 3% of the current market value of the long security future(s); or (2) 3% of the current market value of the short security future(s).</u>	<u>The greater of: (1) 3% of the current market value of the long security future(s); or (2) 3% of the current market value of the short security future(s).</u>
17	<u>Long (short) a basket of security futures that together tracks a narrow-based index and short (long) a narrow based index future.</u>	<u>Individual stock and narrow-based security index.</u>	<u>The greater of: (1) 5% of the current market value of the long security future(s); or (2) 5% of the current market value of the short security future(s).</u>	<u>The greater of: (1) 5% of the current market value of the long security future(s); or (2) 5% of the current market value of the short security future(s).</u>

¹⁹Two security futures contracts will be considered “identical” for this purpose if they are issued by the same clearing agency or cleared and contracts guaranteed by the same derivatives clearing organization, have identical specifications, and would offset each other at the clearing level.

(C) Definitions. For the purposes of section (f)(10) of this Rule and the offset table noted above, with respect to the term “security futures contracts,” the following terms shall have the meanings specified below:

(i) The term “security futures contract” means a “security future” as defined in Section 3(a)(55) of the Exchange Act.

(ii) The term “current market value” has the same meaning as it is as defined in Rule 401(4) under the Exchange Act and Rule 41.43(a)(4) of the CEA.

(iii) The term “underlying security” means, in the case of physically settled security futures contracts, the security that is delivered upon expiration of the contract, and, in the case of cash settled security futures contracts, the security or securities index the price or level of which determines the final settlement price for the security futures contract upon its expiration.

(iv) The term “underlying basket” means, in the case of a securities index, a group of security futures contracts where the underlying securities as defined in paragraph (iii) above include each of the component securities of the applicable index and which meets the following conditions: (1) the quantity of each underlying security is proportional to its representation in the index, (2) the total market value of the underlying securities is equal to the aggregate value of the applicable index, (3) the basket cannot be used to offset more than the number of contracts or warrants represented by its total market value, and (4) the security futures contracts shall be unavailable to support any other contract or warrant transaction in the account.

(v) The term “underlying stock basket” means a group of securities which includes each of the component securities of the applicable index and which meets the following conditions: (1) the quantity of each stock in the basket is proportional to its representation in the index, (2) the total market value of the basket is equal to the underlying index value of the index options or warrants to be covered (3) the securities in the basket cannot be used to cover more than the number of index options or warrants represented by that value, and (4) the securities in the basket shall be unavailable to support any other option or warrant transaction in the account.

(vi) The term “variation settlement” has the same meaning as it is defined in Rule 401(a) of the Exchange Act and Rule 41.43(a)(32) of the CEA.

(D) Security Futures Dealers' Accounts. Notwithstanding the other provisions of this section (f)(10), a member organization may carry and clear the market maker permitted offset positions (as defined below) of one or more security future dealers in an account which is limited to bonafide market maker transactions, upon a “Good Faith” margin basis which is satisfactory to the concerned parties, provided the “Good Faith” margin requirement is not less than the Net Capital haircut deduction of the member organization carrying the transaction pursuant to Rule 325 – NYSE Alternext Equities. In lieu of collecting the “Good Faith” margin requirement, a carrying member organization may elect to deduct in computing its Net Capital the amount of any deficiency between the equity maintained in the account and the “Good Faith” margin required. For the purpose of this paragraph (f)(10)(D), the term “security futures dealer” means a security futures dealer as defined in Rule 400(c)(2)(v) of the Exchange Act and Rule 41.42(c)(2)(v) of the CEA.

For purposes of this paragraph (f)(10)(D), a permitted offset position means in the case of a security futures contract in which a security futures dealer makes a market, a position in the underlying asset or other related assets, or positions in options overlying the asset or other related assets. Accordingly, a security futures dealer may establish a long or short position in the assets

underlying the security futures contracts in which the security futures dealer makes a market, and may purchase or write options overlying those assets, if the account holds the following permitted offset positions:

(i) A long position in the security futures contract or underlying asset offset by a short option position which is “in or at the money”;

(ii) A short position in the security futures contract or underlying asset offset by a long option position which is “in or at the money”;

(iii) A position in the underlying asset resulting from the assignment of a market-maker short option position or making delivery in respect of a short security futures contract;

(iv) A position in the underlying asset resulting from the assignment of a market-maker long option position or taking delivery in respect of a long security futures contract;

(v) A net long position in a security futures contract in which a security futures dealer makes a market or the underlying asset;

(vi) A net short position in a security future contract in which a security futures dealer makes a market or the underlying asset; or

(vii) An offset position as defined in SEC Rule 15c3-1, including its appendices, or any applicable SEC staff interpretation or no-action position.

(E) Approved Options Specialists' or Market Makers' Accounts. Notwithstanding the other provisions of (f)(10) and (f)(2)(j), a member organization may carry and clear the market maker permitted offset positions (as defined below) of one or more approved options specialists or market makers in an account which is limited to bonafide approved options specialist or market maker transactions, upon a “Good Faith” margin basis which is satisfactory to the concerned parties, provided the “Good Faith” margin requirement is not less than the Net Capital haircut deduction of the member organization carrying the transaction pursuant to Rule 325 – NYSE Alternext Equities. In lieu of collecting the “Good Faith” margin requirement, a carrying member organization may elect to deduct in computing its Net Capital the amount of any deficiency between the equity maintained in the account and the “Good Faith” margin required.

For the purpose of this paragraph (f)(10)(E), the term “approved options specialist or market maker” means a specialist, market maker, or registered trader in options as referenced in paragraph (f)(2)(j) of this Rule, who is deemed a specialist for all purposes under the Exchange Act and who is registered pursuant to the rules of a national securities exchange. For purposes of this paragraph (f)(10)(E), a permitted offset position means a position in the underlying asset or other related assets. Accordingly, a specialist or market maker may establish a long or short position in the assets underlying the options in which the specialist or market maker makes a market, or a security futures contract thereon, if the account holds the following permitted offset positions:

(i) A long position in the underlying instrument or security futures contract offset by a short option position which is “in or at the money”;

(ii) A short position in the underlying instrument or security futures contracts offset by a long option position which is “in or at the money”;

(iii) A stock position resulting from the assignment of a market maker short option position or delivery in respect of a short security futures contract;

(iv) A stock position resulting from the exercise of a market maker long option position or taking delivery in respect of a long security futures contract;

(v) A net long position in a security (other than an option) in which a market maker makes a market;

(vi) A net short position in a security (other than an option) in which the market maker makes a market; or

(vii) An offset position as defined in SEC Rule 15c3-1, including the appendices, or any applicable SEC staff interpretation or no-action position.

For purposes of paragraphs (f)(10)(D) and (E), the term “in or at the money” means the current market price of the underlying security is not more than the two standard exercise intervals below (with respect to a call option) or above (with respect to a put option) the exercise price of the option; the term “in the money” means the current market price of the underlying asset or index is not below (with respect to a call option) or above (with respect to a put option) the exercise price of the option; and the term “overlying option” means a put option purchased or a call option written against a long position in an underlying asset; or a call option purchased or a put option written against a short position in an underlying asset.

Securities, including options and security futures contracts, in such accounts shall be valued conservatively in the light of current market prices and the amount which might be realized upon liquidation. Substantial additional margin must be required or excess Net Capital maintained in all cases where the securities carried: (i) are subject to unusually rapid or violent changes in value including volatility in the expiration months of options or security futures products, (ii) do not have an active market, or (iii) in one or more or all accounts, including proprietary accounts combined, are such that they cannot be liquidated promptly or represent undue concentration of risk in view of the carrying member or member organization's Net Capital and its overall exposure to material loss.

(F) Approved Specialists' Accounts - others. Notwithstanding the other provisions of (f)(10) and (f)(2)(j), a member organization may carry the account of an “approved specialist,” which account is limited to bonafide specialist transactions including hedge transactions with security futures contracts upon a margin basis which is satisfactory to both parties. The amount of any deficiency between the equity in the account and haircut requirements pursuant to SEA Rule 15c3-1 (Net Capital) shall be deducted in computing the Net Capital of the member organization under the Exchange's Capital Requirements.

For purposes of this paragraph F (10)(F) the term “approved specialist” means a specialist who is deemed a specialist for all purposes under the Exchange Act and who is registered pursuant to the rules of a national securities exchange.

Portfolio Margin

(g) As an alternative to the “strategy-based” margin requirements set forth in sections (a) through (f) of this Rule, member organizations may elect to apply the portfolio margin requirements set forth in this section (g) to all margin equity securities¹, listed options, unlisted derivatives, and security futures products (as defined in Section 3(a)(56) of the Securities Exchange Act of 1934 (the “Exchange Act”)), provided that the requirements of section (g)(6) (B)(1) of this Rule are met.

In addition, a member organization, provided that it is a Futures Commission Merchant (“FCM”) and is either a clearing member of a futures clearing organization or has an affiliate that is a clearing member of a futures clearing organization, is permitted under this section (g) to combine an eligible participant's related instruments as defined in section (g)(2)(E), with listed index options, options on exchange traded funds (“ETF”), index warrants and underlying instruments and compute a margin requirement for such combined products on a portfolio margin basis.

The portfolio margin provisions of this Rule shall not apply to Individual Retirement Accounts (“IRAs”).

(1) Member organizations must monitor the risk of portfolio margin accounts and maintain a comprehensive written risk analysis methodology for assessing the potential risk to the member organization's capital over a specified range of possible market movements of positions maintained in such accounts. The risk analysis methodology shall specify the computations to be made, the frequency of computations, the records to be reviewed and maintained, and the person(s) within the organization responsible for the risk function. This risk analysis methodology must be filed with the New York Stock Exchange (“Exchange”), or the member organization's designated examining authority (“DEA”), if other than the Exchange, and submitted to the Securities and Exchange Commission (“SEC”) prior to the implementation of portfolio margining. In performing the risk analysis of portfolio margin accounts required by this Rule, each member organization shall include in the written risk analysis methodology procedures and guidelines for:

(A) obtaining and reviewing the appropriate account documentation and financial information necessary for assessing the amount of credit to be extended to eligible participants.

(B) the determination, review and approval of credit limits to each eligible participant, and across all eligible participants, utilizing a portfolio margin account,

(C) monitoring credit risk exposure to the member organization from portfolio margin accounts, on both an intra-day and end of day basis, including the type, scope and frequency of reporting to senior management ,

(D) the use of stress testing of portfolio margin accounts in order to monitor market risk exposure from individual accounts and in the aggregate,

¹ For purposes of this section (g) of the Rule, the term “margin equity security” utilizes the definition at section 220.2 of Regulation T of the Board of Governors of the Federal Reserve System, excluding a nonequity security.

(E) the regular review and testing of these risk analysis procedures by an independent unit such as internal audit or other comparable group,

(F) managing the impact of credit extended related to portfolio margin accounts on the member organization's overall risk exposure,

(G) the appropriate response by management when limits on credit extensions related to portfolio margin accounts have been exceeded, and

(H) determining the need to collect additional margin from a particular eligible participant, including whether that determination was based upon the creditworthiness of the participant and/or the risk of the eligible product.

Moreover, management must periodically review, in accordance with written procedures, the member organization's credit extension activities for consistency with these guidelines. Management must periodically determine if the data necessary to apply this section (g) is accessible on a timely basis and information systems are available to adequately capture, monitor, analyze and report relevant data.

(2) Definitions.— For purposes of this section (g), the following terms shall have the meanings specified below:

(A) For purposes of portfolio margin requirements the term “equity”, as defined in section (a)(4) of this Rule, includes the market value of any long or short positions held in an eligible participant's account.

(B) The term “listed option” means any equity-based or equity index-based option traded on a registered national securities exchange or automated facility of a registered national securities association.

(C) The term “portfolio” means any eligible product, as defined in section (g)(6)(B)(1), grouped with its underlying instruments and related instruments.

(D) The term “product group” means two or more portfolios of the same type (see table in section (g)(2)(G) below) for which it has been determined by Rule 15c3-1a under the Exchange Act that a percentage of offsetting profits may be applied to losses at the same valuation point.

(E) The term “related instrument” within a security class or product group means broad-based index futures and options on broad-based index futures covering the same underlying instrument. The term “related instrument” does not include security futures products.

(F) The term “security class” refers to all listed options, security futures products, unlisted derivatives, and related instruments covering the same underlying instrument and the underlying instrument itself.

(G) The term “theoretical gains and losses” means the gain and loss in the value of individual eligible products and related instruments at ten equidistant intervals (valuation points) ranging from

an assumed movement (both up and down) in the current market value of the underlying instrument. The magnitude of the valuation point range shall be as follows:

<u>Portfolio Type</u>	<u>Up / Down Market Move (High & Low Valuation Points)</u>
<u>High Capitalization, Broad-based U.S. Market Index¹</u>	<u>+6%/-8%</u>
<u>Non-High Capitalization, Broad-based U.S. Market Index²</u>	<u>+ /-10%</u>
<u>Any other eligible product that is, or is based on, an equity security or a narrow-based index</u>	<u>+ /-15%</u>

¹In accordance with section (b)(1)(i)(B) of Rule 15c3-1a (Appendix A to Rule 15c3-1) under the Securities Exchange Act of 1934, 17 CFR 240.15c3- 1a(b)(1)(i)(B).

²See footnote above.

(H) The term “underlying instrument” means a security or security index upon which any listed option, unlisted derivative, security future, or broad-based index future is based.

(I) The term “unlisted derivative” means any equity-based or equity index-based unlisted option, forward contract, or security-based swap that can be valued by a theoretical pricing model approved by the SEC.

(3) Approved Theoretical Pricing Models.—Theoretical pricing models must be approved by the SEC.

(4) Eligible Participants.—The application of the portfolio margin provisions of this section (g) is limited to the following:

(A) any broker or dealer registered pursuant to Section 15 of the Exchange Act of 1934;

(B) any member of a national futures exchange to the extent that listed index options hedge the member's index futures; and

(C) any person or entity not included in sections (g)(4)(A) and (g)(4)(B) above approved for uncovered options and, if transactions in security futures are to be included in the account, approval for such transactions is also required. However, an eligible participant under this section (g)(4)(C) may not establish or maintain positions in unlisted derivatives unless minimum equity of at least five million dollars is established and maintained with the member organization. For purposes of this minimum equity requirement, all securities and futures accounts carried by the member organization for the same eligible participant may be combined provided ownership across the accounts is identical. A guarantee pursuant to section (f)(4) of this Rule is not permitted for purposes of the minimum equity requirement.

(5) Opening of Accounts.

(A) Member organizations must notify and receive approval from the Exchange or the member organization's DEA, if other than the Exchange, prior to establishing a portfolio margin methodology for eligible participants.

(B) Only eligible participants that have been approved to engage in uncovered short option contracts, or the rules of the member organization's DEA, if other than the Exchange, are permitted to utilize a portfolio margin account.

(C) On or before the date of the initial transaction in a portfolio margin account, a member organization shall:

(1) furnish the eligible participant with a special written disclosure statement describing the nature and risks of portfolio margining which includes an acknowledgement for all portfolio margin account owners to sign, attesting that they have read and understood the disclosure statement, and agree to the terms under which a portfolio margin account is provided, and

(2) obtain the signed acknowledgement noted above from the eligible participant and record the date of receipt.

(6) Establishing Account and Eligible Positions

(A) For purposes of applying the portfolio margin requirements prescribed in this section (g), member organizations are to establish and utilize a specific securities margin account, or sub-account of a margin account, clearly identified as a portfolio margin account that is separate from any other securities account carried for an eligible participant.

A margin deficit in the portfolio margin account of an eligible participant may not be considered as satisfied by excess equity in another account. Funds and/or securities must be transferred to the deficient account and a written record created and maintained. However, if a portfolio margin account is carried as a sub-account of a margin account, excess equity in the margin account (determined in accordance with the rules applicable to a margin account other than a portfolio margin account) may be used to satisfy a margin deficit in the portfolio margin sub-account without having to transfer any funds and/or securities.

(B) Eligible Products

(1) For eligible participants as described in sections (g)(4)(A) through (g)(4)(C), a transaction in, or transfer of, an eligible product may be effected in the portfolio margin account. Eligible products under this section (g) consist of:

(i) a margin equity security (including a foreign equity security and option on a foreign equity security, provided the security is deemed to have a "ready market" under SEC Rule 15c3-1 or a "no-action" position issued thereunder, and a control or restricted security, provided the security has met the requirements in a manner consistent with SEC Rule 144 or an SEC "no-action" position issued thereunder, sufficient to permit the sale of the security, upon exercise or assignment of any listed option or unlisted derivative written or held against it, without restriction).

- (ii) a listed option on an equity security or index of equity securities,
- (iii) a security futures product,
- (iv) an unlisted derivative on an equity security or index of equity securities,
- (v) a warrant on an equity security or index of equity securities,
- (vi) a related instrument as defined in section (g)(2)(E).

(7) Margin Required.—The amount of margin required under this section (g) for each portfolio shall be the greater of:

(A) the amount for any of the ten equidistant valuation points representing the largest theoretical loss as calculated pursuant to section (g)(8) below, or

(B) for eligible participants as described in section (g)(4)(A) through (g)(4)(C), \$.375 for each listed option, unlisted derivative, security future product, and related instrument, multiplied by the contract's or instrument's multiplier, not to exceed the market value in the case of long contracts in eligible products.

(C) Account guarantees pursuant to section (f)(4) of this Rule are not permitted for purposes of meeting margin requirements.

(D) Positions other than those listed in section (g)(6)(B)(1) above are not eligible for portfolio margin treatment. However, positions not eligible for portfolio margin treatment (except for ineligible related instruments) may be carried in a portfolio margin account, provided the member organization has the ability to apply the applicable strategy based margin requirements promulgated under this Rule. Shares of a money market mutual fund may be carried in a portfolio margin account, also subject to the applicable strategy based margin requirements under this Rule provided that:

(1) the customer waives any right to redeem shares without the member organization's consent,

(2) the member organization (or, if the shares are deposited with a clearing organization, the clearing organization) obtains the right to redeem shares in cash upon request,

(3) the fund agrees to satisfy any conditions necessary or appropriate to ensure that the shares may be redeemed in cash, promptly upon request, and

(4) the member organization complies with the requirements of Section 11(d)(1) of the Exchange Act and Rule 11d1-2 thereunder.

(8) Method of Calculation.

(A) Long and short positions in eligible products including underlying instruments and related instruments, are to be grouped by security class; each security class group being a “portfolio”. Each

portfolio is categorized as one of the portfolio types specified in section (g)(2)(G) above as applicable.

(B) For each portfolio, theoretical gains and losses are calculated for each position as specified in section (g)(2)(G) above. For purposes of determining the theoretical gains and losses at each valuation point, member organizations shall obtain and utilize the theoretical values of eligible products as described in this section (g) rendered by an approved theoretical pricing model.

(C) Within each portfolio, theoretical gains and losses may be netted fully at each valuation point. Offsets between portfolios within the eligible product groups, as described in section (g)(2)(G), may then be applied as permitted by Rule 15c3-1a under the Exchange Act.

(D) After applying the offsets above, the sum of the greatest loss from each portfolio is computed to arrive at the total margin required for the account (subject to the per contract minimum).

(9) Portfolio Margin Minimum Equity Deficiency

(A) If, as of the close of business, the equity in the portfolio margin account of an eligible participant as described in section (g)(4)(C), declines below the five million dollar minimum equity required, if applicable, and is not restored to at least five million dollars within three business days by a deposit of funds and/or securities, member organizations are prohibited from accepting new opening orders beginning on the fourth business day, except that new opening orders entered for the purpose of reducing market risk may be accepted if the result would be to lower margin requirements. This prohibition shall remain in effect until,

(1) equity of five million dollars is established or,

(2) all unlisted derivatives are liquidated or transferred from the portfolio margin account to the appropriate securities account.

(B) Member organizations will not be permitted to deduct any portfolio margin minimum equity deficiency amount from Net Capital in lieu of collecting the minimum equity required.

(10) Portfolio Margin Deficiency

(A) If, as of the close of business, the equity in the portfolio margin account of an eligible participant, as described in section (g)(4)(A) through (g)(4)(C), is less than the margin required, the eligible participant may deposit additional funds and/or securities or establish a hedge to meet the margin requirement within three business days . After the three business day period, member organizations are prohibited from accepting new opening orders, except that new opening orders entered for the purpose of reducing market risk may be accepted if the result would be to lower margin requirements. In the event an eligible participant fails to hedge existing positions or deposit additional funds and/or securities in an amount sufficient to eliminate any margin deficiency after three business days, the member organization must liquidate positions in an amount sufficient to, at a minimum, lower the total margin required to an amount less than or equal to the account equity.

(B) If the portfolio margin deficiency is not met by the close of business on the next business day after the business day on which such deficiency arises, member organizations will be required to deduct the amount of the deficiency from Net Capital until such time as the deficiency is satisfied.

(C) Member organizations will not be permitted to deduct any portfolio margin deficiency amount from Net Capital in lieu of collecting the margin required.

(D) The Exchange, or the member organization's DEA, if other than the Exchange, may grant additional time for an eligible participant to meet a portfolio margin deficiency upon written request, which is expected to be granted in extraordinary circumstances only.

(E) Member organizations should not permit an eligible participant to make a practice of meeting a portfolio margin deficiency by liquidation. Member organizations must have procedures in place to identify accounts that periodically liquidate positions to eliminate margin deficiencies, and the member organization is expected to take appropriate action when warranted. Liquidations to eliminate margin deficiencies that are caused solely by adverse price movements may be disregarded.

(11) Determination of Value for Margin Purposes.-- For the purposes of this section (g), all eligible products shall be valued at current market prices. Account equity for the purposes of sections (g)(9)(A) and (g)(10)(A) shall be calculated separately for each portfolio margin account.

(12) Net Capital Treatment of Portfolio Margin Accounts.

(A) No member organization that requires margin in any portfolio margin account pursuant to section (g) of this Rule shall permit the aggregate portfolio margin requirements to exceed ten times its Net Capital for any period exceeding three business days. The member organization shall, beginning on the fourth business day, cease opening new portfolio margin accounts until compliance is achieved.

(B) If, at any time, a member organization's aggregate portfolio margin requirements exceed ten times its Net Capital, the member organization shall immediately transmit telegraphic or facsimile notice of such deficiency to the principal office of the Securities and Exchange Commission in Washington, D.C., the district or regional office of the Securities and Exchange Commission for the district or region in which the member organization maintains its principal place of business; and to the Exchange, or the member organization's DEA, if other than the Exchange.

(13) Day Trading Requirements.—The day trading restrictions promulgated under section (f)(8)(B) of this Rule shall not apply to portfolio margin accounts that establish and maintain at least five million dollars in equity, provided a member organization has the ability to monitor the intra-day risk associated with day trading. Portfolio margin accounts that do not establish and maintain at least five million dollars in equity will be subject to the day trading restrictions under section (f)(8)(B), provided the member organization has the ability to apply the applicable day trading requirements under this Rule. However, if the position or positions day traded were part of a hedge strategy, the day trading restrictions will not apply. A “hedge strategy” for the purpose of this rule means a transaction or a series of transactions that reduces or offsets a material portion of

the risk in a portfolio. Member organizations are expected to monitor these portfolio margin accounts to detect and prevent circumvention of the day trading requirements.

(14) Requirements to Liquidate

(A) A member organization is required immediately either to liquidate, or transfer to another broker-dealer eligible to carry portfolio margin accounts, all portfolio margin accounts with positions in related instruments, if the member organization is:

(1) insolvent as defined in section 101 of title 11 of the United States Code, or is unable to meet its obligations as they mature;

(2) the subject of a proceeding pending in any court or before any agency of the United States or any State in which a receiver, trustee, or liquidator for such debtor has been appointed;

(3) not in compliance with applicable requirements under the Exchange Act or rules of the Securities and Exchange Commission or any self-regulatory organization with respect to financial responsibility or hypothecation of eligible participant's securities; or

(4) unable to make such computations as may be necessary to establish compliance with such financial responsibility or hypothecation rules.

(B) Nothing in this section (14) shall be construed as limiting or restricting in any way the exercise of any right of a registered clearing agency to liquidate or cause the liquidation of positions in accordance with its by-laws and rules.

(15) Member organizations must ensure that portfolio margin accounts are in compliance with all other applicable Exchange rules.

••• Supplementary Material:

.10 Request for exemption from sub-section (e)(3) of Rule 431 – NYSE Alternext Equities above.— Requests for exemption from the provisions of sub-section (e)(3) should be submitted in writing to the Exchange and, in addition to indicating the names and interests of the respective participants in the joint account, should contain a statement that the conditions described in paragraph (e)(3)(A), (B) or (C) actually exist.

In the case of an account conforming to the conditions described in paragraph (e)(3)(C), the application should also include the following information as of the date of the request:

(A) complete description of the security;

(B) cost price, offering price and principal amount of obligations which have been purchased or may be required to be purchased;

(C) date on which the security is to be purchased or on which there will be a contingent commitment to purchase the security;

(D) approximate aggregate indebtedness;

(E) approximate Net Capital; and

(F) approximate total market value of all readily marketable securities (i) exempted and (ii) non-exempted, held in organization accounts, partners' capital accounts, partners' individual accounts covered by approved agreements providing for their inclusion as partnership property, accounts covered by subordination agreements approved by the Exchange and customers' accounts in deficit.

.20 The Exchange shall supply the margin treatment for spread positions set forth in the second and third paragraphs of subparagraph (f)(2)(F)(i), and in subparagraphs (f)(2)(G)(ii) and (iii), of this Rule 431 – NYSE Alternext Equities pursuant to a one-year pilot program beginning on August 29, 1995.

.30 In the event that the organization at which a customer seeks to open an account or resume day trading in an existing account, knows or had a reasonable basis to believe that the customer will engage in pattern day trading, then the minimum equity required under paragraph (f)(8)(B)(iv)(1) above (\$25,000) must be deposited in the account prior to commencement of day trading.

.40 When a customer engages in pattern day trading, the minimum equity required under paragraph (f)(8)(B)(iv)(1) above(\$25,000) must be deposited in the account before such customer may continue day trading.

.50 For purposes of paragraph (f)(8)(B)(iv)(2)(a) above, “time and tick” (i.e., calculating margin utilizing each trade in the sequence that it is executed, using the highest open position during the day) may not be used to a pattern day trader who exceeds their day trading buying power.

.60 For purposes of paragraph (f)(b)(B)(iii) and (IV)(2)(b), the day trading buying power for non-equity securities may be computed using the applicable special maintenance margin requirements pursuant to other provisions of this Rule.

.70 Money market mutual funds, as defined under Rule 2a-7 of the Investment Company Act of 1940, can be used for satisfying margin requirements under this subsection (f)(10), provided that the requirements of Rule 404(b) of the Exchange Act and Rule 46(b)(2) under the CEA are satisfied.

.80 Day-trading of security futures is subject to the minimum requirements of this Rule. If deemed a pattern day-trader, the customer must maintain equity of \$25,000. The 20% requirement, for security futures contracts, should be calculated based on the greater of the initial or closing transaction and any amount exceeding **Exchange** excess must be collected. The creation of a customer call subjects the account to all the restrictions contained in Rule 431(f)(8)(B) – NYSE Alternext Equities.

.90 The use of the “time and tick” method is based on the member's or member organization's ability to substantiate the validity of the system used. Lacking this ability dictates the use of the aggregate method.

.100 Security futures contracts transacted or held in a futures account shall not be subject to any provision of this Rule.

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Daily Record of Required Margin

Rule 432 – NYSE Alternext Equities. (a) Each member organization carrying securities margin accounts for customers shall make a record each day of every case in which, pursuant to the rules of the Exchange or Regulation T of the Board of Governors of the Federal Reserve System, initial or additional margin must be obtained in a customer's account. The record shall show, for each account, the amount of margin so required and the date when and manner in which cash or securities are deposited or the margin requirements were otherwise complied with.

Margin met by liquidation

(b) Pursuant to Rule 431(f)(7) – NYSE Alternext Equities, no member organization shall permit a customer to make a practice of effecting transactions requiring initial margin and then meeting the margin required by liquidation of the same or other commitments; except that the provisions of this section (b) shall not apply to any account carried on an omnibus basis as prescribed by Regulation T of the Board of Governors of the Federal Reserve System.

••• Supplementary Material:

.10 Form of record.—The Exchange has not prescribed a form for use in making and maintaining the record.

Individual entries will be deemed a “record” within the meaning of Rule 432(a) – NYSE Alternext Equities, and such entries need not be combined and kept as a separate record.

.20 Place where record is to be maintained.—A member organization whose customers' accounts are carried on books located only at its main office should maintain the record at its main office. A member organization whose customers' accounts are carried on books located at two or more offices should keep the record at each of such offices with respect to the customers' accounts carried on the books of such office. The record must be kept available for inspection at the office at which it is maintained.

.30 Meaning of the term “customer”.—For the purpose of Rule 432 – NYSE Alternext Equities, the term “customer” has the same meaning as in Rule 431(a) – NYSE Alternext Equities.

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Rule 433 – NYSE Alternext Equities. Reserved.

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Required Submission of Requests for Extensions of Time for Customers

Rule 434 – NYSE Alternext Equities. When the Exchange is the designated examining authority (“DEA”) pursuant to Securities Exchange Act Rule 17d-1 for a member organization, such member organization must submit requests for extensions of time as contemplated by Sections 220.4(c) and 220.8(d) of Regulation T of the Federal Reserve Board and Rule 15c3-3(n) of the Securities Exchange Act of 1934 to the Exchange for approval.

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Miscellaneous Prohibitions

Rule 435 – NYSE Alternext Equities. No member, member organization, or allied member therein shall:

Excessive trading by members

(1) Effect on the Exchange purchases or sales for any account in which he or it is directly or indirectly interested, which purchases or sales are excessive in view of his or its financial resources or in view of the market for such security.

Excessive trading in discretionary accounts

(2) Reserved

Successive transactions by members

(3) Execute or cause to be executed on the Exchange the purchase of any security at successively higher prices or the sale of any security at successively lower prices for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security, or for the purpose of unduly or improperly influencing the market price of such security, or for the purpose of making a price which does not reflect the true state of the market in such security.

Manipulative operations

(4) Directly or indirectly participate in or have any interest in the profits of a manipulative operation or knowingly manage or finance a manipulative operation.

For the purpose of paragraph (4), (A) any pool, syndicate or joint account, whether in corporate form or otherwise, organized or used intentionally for the purpose of unfairly influencing the market price of any security by means of options or otherwise and for the purpose of making a profit thereby shall be deemed to be a manipulative operation; (B) the soliciting of subscriptions to any such pool, syndicate or joint account or the accepting of discretionary orders from any such pool, syndicate or joint account shall be deemed to be managing a manipulative operation; and (C) the carrying on margin of either a “long” or a “short” position in securities for, or the advancing of credit through loans of money or of securities to, any such pool, syndicate or joint account shall be deemed to be financing a manipulative operation.

Circulation of rumors

(5) Circulate in any manner rumors of a sensational character which might reasonably be expected to affect market conditions on the Exchange. Discussion of unsubstantiated information published by a widely circulated public media is not prohibited when its source and unsubstantiated nature are also disclosed. Report shall be promptly made to the Exchange of any circumstance which gives reason to believe that any rumor or unsubstantiated information might have been originated or circulated for the purpose of influencing prices in listed securities.

Reopening a contract

(6) Reopen a contract which is subject to a transfer tax for the purpose of allowing another member or member organization to intervene in such transaction, or for the purpose of making a contract in his or its own interest at a different price.

Loans for account of non-members

(7) Loan money upon the security of stocks, bonds or other investment securities for the account of any non-banking corporation, partnership, association, business trust, other entity or individual.

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Interest on Credit Balances

Rule 436 – NYSE Alternext Equities. No member organization, unless subject to supervision by State banking authorities, shall pay interest on any credit balance created for the purpose of receiving interest thereon. Credit balances arising out of transactions in securities or commodities or incidental to any business regularly carried on by a member organization prior to August 2, 1933, shall not be subject to the provisions of this Rule unless it appears that such credit balances have been increased solely for the purpose of receiving interest thereon.

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Rule 437 – NYSE Alternext Equities. Reserved.

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Participation in Decimal Conversion Testing

Rule 438-NYSE Alternext Equities. Each member not associated with a member organization, and each member organization shall participate in industry testing of electronic systems designed to prepare for the implementation of decimal trading, in a manner and frequency as prescribed by the Exchange.

••• Supplementary Material:

.10 The Exchange may, either unconditionally or on specific terms and conditions, grant exemptions from the requirements of this Rule.

.20 Members and member organizations shall maintain adequate documentation of tests required by this Rule, including the results of such testing, for examination by the Exchange.

.30 This Rule will expire automatically upon the full implementation of decimal pricing.

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Rule 439 – NYSE Alternext Equities. Reserved.

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Books and Records

Rule 440 – NYSE Alternext Equities. Every member not associated with a member organization and every member organization shall make and preserve books and records as the Exchange may prescribe and as prescribed by Rule 17a-3. The recordkeeping format, medium and retention period shall comply with Rule 17a-4 under the Securities Exchange Act of 1934.

••• Supplementary Material:

.10 Periodic Security Counts, Verifications, Comparisons, etc.—Each member and member organization shall make the counts, examinations, verifications, accountings, comparisons and entries prescribed by Regulation 240.17a-13 of the Securities and Exchange Commission unless the member or member organization is specifically exempted under such Regulation or is otherwise exempted by the Securities and Exchange Commission as provided in such Regulation. More frequent counts, verifications, comparisons, etc. should be made where prudent business practice would so require. Each member and member organization subject to the above requirements shall also:

(1) Receive position statements as frequently as good business practice requires, but no less than once per month with respect to securities held by clearing corporations, The Depository Trust Company, other organizations, or correspondents. Each such member or member organization shall at least once per month reconcile all such securities and money balances by comparison of the clearing corporations' or correspondents' position statements to the member or member organization's books and records and promptly report differences to the contra organization and such differences shall be promptly resolved by both. Where statements are sent more than once a month or where there is a higher volume, good business practice may require a more frequent exchange of statements and their reconciliation.

(2) At a minimum of once per month account for all U.S. Government bearer instruments by physical examination and comparison with its books and records. More frequent counts should be made where prudent business practice would otherwise require. The counts should be made by persons other than those who are normally responsible for processing government securities.

(3) At a maximum of seven business days after such security count, enter all unresolved difference into a difference account, for that count. The differences account shall identify the unverified securities and reflect the number of shares or principal amount long or the number of shares or principal amount short of each security difference and the date of the security count which disclosed the difference. Thereafter any adjustment of a difference position will be made by entry into such account. Differences remaining after adjustments or entries reflecting subsequent security counts shall always reflect the date of the original or earliest remaining difference. Unresolved security difference position valuations shall be made at least once a month as of the date of the computation of Net Capital and retained in the member or member organization's files for at least three years.

.20 Identification of Suspense Accounts and Assignment of Responsibility for General Ledger Accounts.—All receipts and payments of money and all receipts and deliveries of securities shall be recorded promptly on each member organization's books of account. Any account used temporarily to record money charges or credits and/or receipts or deliveries of securities pending determination of their ultimate disposition shall be clearly identified as a suspense account, and a record maintained of all information known with respect to each item so recorded. Such suspense accounts include, but are not limited to, DK fails, unidentified fails, unallocable securities receipts vs payment, returned deliveries, and any other receivable or payable (both money and/or securities) “suspended” because of doubtful ownership, collectibility or deliverability. To the extent that suspense items can be distinguished by type, separate accounts may be used provided that the word “suspense” is made a prominent part of the account title.

A qualified employee shall be assigned responsibility for each general ledger bookkeeping account and account of like function used by a member organization and such employee shall control and oversee entries into each such account and shall determine at all times that the account is current and accurate. A competent supervisory employee shall, as frequently as is necessary considering the function of the account but, in any event, at least monthly, review each account to determine that it is current and accurate and that any items which become aged and/or uncertain as to resolution are promptly identified for research and possible transfer to suspense accounts. A written record shall be kept of the names of the employees assigned such primary and supervisory responsibility for each such account.

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Telephone Solicitation

Rule 440A – NYSE Alternext Equities. (a) General Telephone Solicitation Requirements

No employee of a member organization shall initiate any telephone solicitation, as defined in paragraph (j)(2) of this rule, to:

(1) **Time of Day Restriction.**—Any residence of a person before the hour of 8:00 a.m. or after 9:00 p.m. (local time at the called party's location), unless

(A) the member organization has an established business relationship with the called party pursuant to paragraph (j)(1)(A),

(B) the member organization has received the called party's prior express invitation or permission, or

(C) the called party is a broker or dealer;

(2) **Firm-Specific Do-Not-Call List.**—Any person that previously has stated that he or she does not wish to receive an outbound telephone call made by or on behalf of the member organization; or

(3) **National Do-Not-Call List.**—Any person who has registered his or her telephone number on the Federal Trade Commission's national do-not-call registry.

(b) Procedures

Prior to engaging in telephone solicitation or telemarketing, a member organization must institute procedures to comply with paragraph (a). Such procedures must meet the following minimum standards:

(1) Written policy. Member organizations must have a written policy available upon demand for maintaining a do-not-call list.

(2) Training of personnel engaged in telemarketing. Personnel engaged in any aspect of telemarketing must be informed and trained in the existence and use of the do-not-call list, including the policies and procedures of the firm regarding communications with the public.

(3) Recording, honoring of do-not-call requests. If a member organization making a call for telemarketing purposes receives a request from a person not to receive calls from that member organization, the member organization must record the request and place the person's name, if provided, and telephone number on the firm's do-not-call list at the time the request is made. Member organizations must honor a person's do-not-call request within a reasonable time from the date such request is made. This period may not exceed 30 days from the date of such request. If such requests are recorded or maintained by a party other than the member organization on whose behalf the telemarketing call is made, the member organization on whose behalf the telemarketing call is made will be liable for any failures to honor the do-not-call request.

(4) Identification of sellers and telemarketers. An employee of a member organization making a call for telemarketing purposes must provide the called party with the name of the individual caller, the name of the member or member organization, an address or telephone number at which the member organization may be contacted, and that the purpose of the call is to solicit the purchase or sale of securities or a related service. The telephone number provided may not be a 900 number or any other number for which charges exceed local or long distance transmission charges.

(5) Affiliated persons or entities. In the absence of a specific request by the person to the contrary, a person's do-not-call request shall apply to the member organization making the call, and will not apply to affiliated entities unless the consumer reasonably would expect them to be included given the identification of the caller and the product or service being advertised.

(6) Maintenance of do-not-call lists. A member organization making calls for telemarketing purposes must maintain a record of a caller's request not to receive further telemarketing calls. A firm-specific do-not-call request must be honored for five years from the time the request is made.

(c) National Do-Not-Call List Exceptions

Paragraph (a)(3) national do-not-call list restrictions shall not apply, if:

(1) **Established Business Relationship Exception.**—The member organization has an established business relationship with the recipient of the call. A person's request to be placed on the firm-specific do-not-call list terminates the established business relationship exception to that national do-not-call list provision for that member organization even if the person continues to do business with the member organization;

(2) **Prior Express Written Consent Exception.**—The member organization has obtained the person's prior express invitation or permission. Such permission must be evidenced by a signed, written agreement between the person and member organization which states that the person agrees to be contacted by the member organization and includes the telephone number to which the calls may be placed; or

(3) **Personal Relationship Exception.**—The employee of a member organization making the call has a personal relationship with the recipient of the call.

(d) Safe Harbor Provision

The National Do-Not-Call List general telephone solicitation restrictions referenced in Paragraph (a)(3) shall not apply to an employee of a member organization making telephone solicitations, if the employee of a member organization demonstrates that the violation is the result of an error and that as part of the member or member organization's routine business practice, it meets the following standards:

(1) **Written procedures.**—The member organization has established and implemented written procedures to comply with the national do-not-call rules;

(2) **Training of personnel.**—The member organization has trained its personnel, and any entity assisting in its compliance, in procedures established pursuant to the national do-not-call rules;

(3) **Recording.**—The member organization has maintained and recorded a list of telephone numbers that it may not contact; and

(4) **Accessing the national do-not-call database.**—The member organization uses a process to prevent telephone solicitations to any telephone number on any list established pursuant to the do-not-call rules, employing a version of the national do-not-call registry obtained from the administrator of the registry no more than 31 days prior to the date any call is made, and maintains records documenting this process.

(e) Pre-Recorded Messages

(1) A member organization may not initiate any telephone call to any residence using an artificial or prerecorded voice to deliver a message, without the prior express consent of the called person, unless the call:

(i) is not made for a commercial purpose;

(ii) is made for a commercial purpose, but does not include or introduce an unsolicited advertisement or constitute a telephone solicitation; or

(iii) is made to any person with whom the member organization has an established business relationship at the time the call is made.

(2) All artificial or prerecorded telephone messages shall:

(i) At the beginning of the message, state clearly the identity of the member organization that is responsible for initiating the call. The member organization responsible for initiating the call must state the name under which the member organization is registered to conduct business with the applicable State Corporation Commission (or comparable regulatory authority); and

(ii) During or after the message, must state clearly the telephone number (other than that of the autodialer or prerecorded message player that placed the call) of such member organization. The telephone number provided may not be a 900 number or any other number for which charges exceed local or long distance transmission charges.

(iii) For telemarketing messages to a residence, such telephone number, mentioned in paragraph (e)(2)(ii) above, must permit any individual to make a do-not-call request during regular business hours for the duration of the telemarketing campaign.

(f) Wireless Communications

(1) Member organizations are prohibited from using an automatic telephone dialing system or an artificial or prerecorded voice when initiating a telephone call to any telephone number assigned to a paging service, cellular telephone service, specialized mobile radio service, or other radio common carrier service, or any service for which the called party is charged for the call.

(2) The requirements are applicable to member organizations telemarketing or making telephone solicitation calls to wireless telephone numbers.

(g) Telephone Facsimile or Computer Advertisements

No member organization may use a telephone facsimile machine, computer or other device to send an unsolicited advertisement to a telephone facsimile machine, computer or other device.

(1) For purposes of paragraph (g) of this rule, a facsimile advertisement is not “unsolicited” if:

(i) The recipient has granted the member or member organization prior express invitation or permission to deliver the advertisement. Such express invitation or permission must be evidenced

by a signed, written statement that includes the facsimile number to which any advertisements may be sent and clearly indicates the recipient's consent to receive such facsimile advertisements from the member or member organization; or

(ii) The recipient has an established business relationship with the sending member organization and the member organization obtains the facsimile number directly from the recipient, from the recipient's own directory, advertisement, or site on the Internet, unless the recipient has noted on such materials that it does not accept unsolicited advertisements at the facsimile number in question, or from directories or other sources of information provided by third parties, provided that the member organization must take reasonable steps to verify that the recipient consented to have the number listed. If the established business relationship existed before July 9, 2005, and the member organization also possessed the facsimile number before July 9, 2005, the member organization may send the facsimile advertisements without demonstrating how the number was obtained.

(iii) Facsimile advertisements must include specific notice and contact information on the facsimile allowing recipients to "opt-out" of future facsimile advertisements. Such notice must:

(A) Be clear and conspicuous, on the first page of the advertisement;

(B) State that the recipient may make a request to the member organization not to send any future facsimiles, and that failure to comply with the request within 30 days is unlawful; and

(C) Include a telephone number, facsimile number, and cost-free mechanism to opt-out of facsimiles. Such mechanism must permit customers to make opt-out requests 24 hours a day, 7 days a week.

(2) Member organizations must clearly mark, in a margin at the top or bottom of each page of the transmission, the date and time it is sent and an identification of the member organization sending the message and the telephone number of the sending machine or of the employee of the member organization directing the sending of the transmission.

(h) Caller Identification Information

(1) Any member organization that engages in telemarketing, as defined in paragraph (j)(2) of this rule, must transmit caller identification information. Such caller identification information must include either the Calling Party Number ("CPN") or the calling party's billing number, also known as the Charge Number ("ANI"), and, when available from the telephone carrier, the name of the member organization. The telephone number so provided must permit any person to make a do-not-call request during regular business hours. Whenever possible, CPN is the preferred number and should be transmitted.

(2) Any member organization that engages in telemarketing, as defined in paragraph (j)(2) of this rule, is prohibited from blocking the transmission of caller identification information.

(3) Provision of caller identification information does not obviate the requirement for a caller to verbally supply identification information during a call.

(i) Outsourcing Telemarketing

If a member organization uses another entity to perform telemarketing services on its behalf, the member organization remains responsible for ensuring compliance with all provisions contained in this rule.

(i) Definitions

(1) Established Business Relationship

(A) An established business relationship means a prior or existing relationship formed by a voluntary two-way communication between a member organization and a person, with or without an exchange of consideration, if:

(i) the person has made a financial transaction or has a securities position, a money balance, or account activity with the member organization, or at a clearing firm that provides clearing services to such member organization, within the previous 18 months immediately preceding the date of the telephone call;

(ii) the member organization is the broker-dealer of record for an account of the person within the previous 18 months immediately preceding the date of the telephone call; or

(iii) the person has contacted the member organization to inquire about, or make an application regarding a product or service offered by the member organization within the previous three months immediately preceding the date of the telephone call, which relationship has not been previously terminated by either party.

(B) A person's specific do-not-call request, as set forth in paragraph (a)(2) of this rule, terminates an established business relationship for purposes of telemarketing and telephone solicitation even if the person continues to do business with the member organization.

(C) A person's established business relationship with a member organization does not extend to the member organization's affiliated entities unless the person would reasonably expect them to be included, given the nature and type of products or services offered by the affiliate and the identity of the affiliate. Similarly, a person's established business relationship with an affiliate of a member organization does not extend to the member or member organization unless the person would reasonably expect them to be included, given the nature and type of products or services offered, and the identity of, the member organization.

(2) The terms “telemarketing” and “telephone solicitation” mean the initiation of a telephone call or message for the purpose of encouraging the purchase or rental of, or investment in, property, goods, or services, which is transmitted to any person.

(3) The term “telephone facsimile machine” means equipment which has the capacity to transcribe text or images (or both) from paper, into an electronic signal and to transmit that signal over a regular telephone line, or to transcribe text or images (or both) from an electronic signal received over a regular telephone line onto paper.

(4) The term “personal relationship” means any family member, friend, or acquaintance of the person making the call.

(5) The term “account activity” shall include, but not be limited to, purchases, sales, interest credits or debits, charges or credits, dividend payments, transfer activity, securities receipts or deliveries, and/or journal entries relating to securities or funds in the possession or control of the member.

(6) The terms “automatic telephone dialing system” and “autodialer” mean equipment which has the capacity to store or produce telephone numbers to be called using a random or sequential number generator and to dial such numbers.

(7) The term “broker-dealer of record” refers to the broker-dealer identified on a customer's account application or accounts held directly at a mutual fund or variable insurance product issuer.

(8) The term “unsolicited advertisement” means any material advertising the commercial availability or quality of any products or services which is transmitted to any person without that person's prior express invitation or permission.

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Short Sales

Rule 440B – NYSE Alternext Equities. • • • Supplementary Material:

.10 General Rule.—The discussion of short-selling regulations in the Supplementary material of this rule relates to all trades in listed securities, whenever they occur, including in the after-hours market and after a consolidated transaction reporting system (e.g., the “consolidated tape” of the Consolidated Tape Association) ceases to operate. Members and member organizations also should familiarize themselves with the provisions of Regulation SHO, under the Exchange Act.

A “short sale” means any sale of a security, which the seller does not own or any sale that is consummated by the delivery of a security borrowed by, or for the account of, the seller. (See .13 below, which refers to Regulation SHO, Rule 200(b)-(f) to determine ownership of securities).

.11 Securities subject to the rules.—Regulation SHO Rules 200 and 203 apply, generally, to all equity securities, other than U.S. Government or municipal securities and except those noted in Exchange Rule 440B(c) – NYSE Alternext Equities.

.12 Marking of orders: customer’s written agreement regarding designation of sell orders.—Every sell order (including odd lots) in a security subject to the rule, which is executed on any exchange or by means of any instrumentality of interstate commerce, whether originated or handled by a member, must be marked to indicate whether it is “long” or “short.” The abbreviation “LS” or “SS” may be used. A member (including any Floor broker) or any employee of a member organization may mark an order “long” only if (1) the seller is deemed to own the security being

sold pursuant to Regulation SHO, Rule 200(a)-(f), under the Exchange Act and either: (i) the security to be delivered is in the physical possession or control of the broker or dealer; or (ii) it is reasonably expected that the security will be in the physical possession or control of the broker or dealer no later than the settlement of the transaction.

.13 Ownership of securities.—Ownership of securities shall be determined in accordance with Rule 200(a)-(f) of Regulation SHO, under the Exchange Act. .15 Price at which short sales may

Initial sale may be short sale.—An interpretation has been made by the Staff of the Securities and Exchange Commission that the initial sale of a security newly listed on the Exchange may be a short sale.

.14 “When issued” and “when distributed” securities.—The rules apply to the sale of “when issued” and “when distributed” securities in the same manner as issued securities. In the case of a sale of a “when issued” or “when distributed” security, the last “regular way” sale price means the last price at which the “when issued” or “when distributed” security has sold and the “next preceding different price” means the last previous different price at which a sale of such “when issued” or “when distributed” security took place. A person is deemed to be the owner of a “when issued” or “when distributed” security if he has entered into a contract to purchase the same binding on both parties and subject only to the condition of issuance or distribution or, by virtue of his ownership of an issued security, will be entitled to receive, without the payment of consideration, the “when issued” or “when distributed” security, to the extent that he has not already disposed of such “when issued” or “when distributed” security.

.15 Covering transactions.—Any covering transactions made shall be consistent with Rule 203(a) of Regulation SHO.

.16 Loans of securities between members.—Any broker or dealer may, without inquiry as to the purpose of the loan, lend a security to another broker or dealer. The lending broker or dealer may nonetheless be criminally liable for a violation of the short selling rules if he knows that the borrower intends to violate such rules.

.17 Reserved.

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Short Sale Borrowing and Delivery Requirements

Rule 440C – NYSE Alternext Equities. Borrowing and deliveries shall be effected in accordance with Rule 203 of Regulation SHO, under the Exchange Act.

The Exchange incorporates by reference Rules 200 (17 CFR 242.200), and 203 (17 CFT 242.203) of Regulation SHO, to Exchange Rule 440C – NYSE Alternext Equities, as if they were fully set forth herein.

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Rule 440D – NYSE Alternext Equities – 440E – NYSE Alternext Equities. Reserved.

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Public Short Sale Transactions Effected on the Exchange

••• Supplementary Material:

Reports on Form SS20

Rule 440F – NYSE Alternext Equities.10 Requirements for filing.—Every ROUND-LOT short sale transaction in stocks (or certificates therefor) or warrants effected on the floor of the Exchange for the accounts of PUBLIC customers is required to be reported on Form SS20. Reports are to be filed by the member organization through which the transaction is cleared/settled.

Public customers are all customers OTHER THAN Exchange members, allied members or member organizations. Included as public are limited/special partners and non-voting stockholders who are not also Exchange members or allied members. Also included are employees of member organizations.

General Instructions.—

- (1) Report by TRADE (not settlement) DATES.
- (2) The term “Round-Lot” means 100 shares or 10 shares or multiples thereof depending on the unit of trading of the securities included.
- (3) Exclude transactions in rights.
- (4) If there are no reportable transactions for a specific week, a form should be filed marked “None”.
- (5) File this report with Credit Regulation Department, via the New York Stock Exchange’s Electronic Filing Platform (“EFP”), as soon as possible, but not later than 12:00 noon on the Friday of the week following the week covered by the report.

(6) Inquiries should be addressed to Credit Regulation Department.

(7) Reserved.

Specific Instructions.—

(1) For the purpose of this report, “short sales” are those defined in the Securities and Exchange Commission’s Rule 200 to Regulation SHO. The classification of a sale as “short” should be determined by the manner in which the order was marked. However, in the case of an

order erroneously marked and so executed, the resulting transaction should be classified in accordance with its correct status.

(2) Short sales for hedging accounts and short sales executed as such for arbitrage accounts should be included.

(3) Exclude from the report the following:

(a) All odd-lot transactions;

(b) all transactions in bonds;

(c) stocks loaned or borrowed;

(d) transactions executed in over-the-counter markets or on other exchanges.

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Transactions in Stocks and Warrants
for the Accounts of Members, Allied Members and Member Organizations

••• Supplementary Material:

Reports on Form 121

Rule 440G – NYSE Alternext Equities. .10 Requirements for filing.—Any ROUND-LOT purchase or sale of stock (or certificates therefor) or warrant effected on the floor of the Exchange for the accounts of:

a) Exchange members;

b) Exchange Allied members; or

c) Exchange member organizations.

must be reported on Form 121 regardless of where the order originated or by whom it was executed.

Instructions.—

(1) An account is defined as any account in which the member, allied member or member organization has a direct or indirect beneficial interest. It is not confined only to an account actually in the respondent's name. Generally, a person should include transactions in securities held in the name of a spouse, minor children or other relatives who share the same home as the reporting person, as being beneficially owned by such person. In addition, a person may be regarded as the beneficial owner of securities held in the name of another person, if by reason of any contract, understanding, relationship, agreement or other arrangement he obtains benefits substantially

equivalent to those of ownership. This does not, however, include trusts or estates if the person has no power to make investment decisions. In other cases, if special circumstances exist indicating that a member does not have a beneficial interest in transactions in an account in the name of members of his family, or if he wishes guidance as to whether he should report transactions in securities held by family members as being beneficially owned by him, he should contact the Member Firm Regulation Division for clarification.

(2) Member organizations should file ONLY ONE report each week to include a combined record of all reportable transactions for their firm accounts and for all Exchange members and allied members in their organization. Separate reports should NOT be filed by any partner or stockholder in a member organization. Also, a separate report should NOT be filed for a “joint account”.

(a) The proportionate share of any “joint account” transactions (including odd amounts that were part of a round lot execution) should be included in the respondent’s report.

(b) If the “joint account” consists solely of Exchange members, allied members or member organizations, it is permissible for one respondent to include in their/his report the full amount of any transactions for the “joint account”. In this event, the report should include a notation to that effect, and the other participants should not include such transactions in their/his report.

(3) Report by TRADE (not settlement) DATES.

(4) Report only round lots (including 10-share unit stocks), or respondent’s proportion of a round lot, *even though the proportion amounts to an odd lot.*

(5) Include “Cash”, “When Issued”, “When Distributed” and “Seller’s Option” transactions, also on date of trade.

(6) Transactions made in error or to rectify an error:

(a) are reportable if the original order on which the error was made is reportable (i.e. it was for an Exchange member, allied member or member organization);

(b) are not reportable if the original order on which the error was made is not reportable (i.e. it was for the public).

(7) EXCLUDE the following transaction:

(a) in rights;

(b) bonds;

(c) for error account (except where the original order, on which the error was made, was reportable);

(d) for customers other than Exchange members or allied members of the reporting organization;

(e) in odd lots (except where they were part of a round-lot execution);

(f) stocks loaned or borrowed;

(g) executions elsewhere than on the floor of Exchange;

(h) for the odd-lot accounts of odd-lot dealers and specialist odd-lot dealers.

(8) Short sales, in addition to being included with total sales, should also be reported separately.

(9) Transactions are to be classified into one of the following three categories

(a) AS SPECIALIST. (Box 1) This includes transactions made, WHILE RUNNING THE BOOK, for the account of regular or relief specialists in the stocks or warrants in which they are registered as specialists, by them or by a partner or an officer of their organization or by a member with whom they have a joint account;

(b) ALL OTHER transactions initiated ON THE FLOOR, (Box 2) This includes all round-lot transactions reportable on Form 82A (by Registered Traders) and Form 82B (all other ON FLOOR transactions which are exempt from reporting daily on Form 82A). Included are all transactions (except "as specialist") initiated by a member (either a registered trader or any other member) while on the trading floor, regardless of whether or not they were executed by the initiating member or where the initiating member happened to be at the time of the execution. Included are transactions for the accounts of specialists in the stocks or warrants in which they are registered as specialists, if made by the specialist or his agent while they were NOT running the book. Also included are transactions for the accounts of specialists in stocks or warrants in which they are not registered as specialists;

(c) Transactions initiated OFF THE FLOOR. (Box 3) This includes all member transactions not included above.

(10) If a reporting member or member organization does not have reportable transactions during a given week, a Form 121 report should be filed marked "No transactions".

(11) The Member Firm Regulation Division will consider written requests for exemption from filing REGULAR weekly reports on Form 121. Exemption may be granted for a period of time not to exceed one year, renewable annually if the applicant does not expect to have any, or expects to have only an occasional, reportable transaction during this time. THE EXEMPTION, WHEN GRANTED, IS FROM FILING REGULARLY EACH WEEK AND, IF DURING THE EXEMPTION PERIOD A REPORTABLE TRANSACTION IS EFFECTED. A FORM 121 REPORT, FOR THE WEEK IN WHICH THE TRANSACTION(S) TOOK PLACE, MUST BE FILED IMMEDIATELY.

(12) File this report with the Credit Regulation Department, via the New York Stock Exchange's Electronic Filing Platform ("EFP") as soon as possible but not later than 12:00 noon on the Friday following the week covered by the report.

(13) Inquiries should be addressed to the Credit Regulation Department.

(14) Reserved.

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Activity Assessment Fees

••• Supplementary Material:

Rule 440H – NYSE Alternext Equities.10 Statutory background.—Section 31 of the Securities Exchange Act of 1934 (“Exchange Act”), as amended, requires national securities exchanges and associations to pay to the Securities and Exchange Commission (“SEC”) certain fees and assessments on specified securities transactions.

.20 Calculation and payment of Activity Assessment Fees.—Each member and each member organization that effects securities transactions upon the Exchange that are defined in Section 31 of the Exchange Act as “covered sales” of securities shall pay to the Exchange Activity Assessment Fees based upon all of their covered sales. The Exchange shall calculate Activity Assessment Fees by multiplying the aggregate dollar amount of covered sales effected upon the Exchange by the member or member organization during the appropriate computational period by the Section 31(b) fee rate in effect during that computational period. Activity Assessment Fees shall be due and payable at such times and intervals as prescribed by the Exchange.

Members and member organizations that cease to effect securities transactions upon the Exchange shall promptly pay to the Exchange any sum due pursuant to this rule.

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Records of Compensation Arrangements—Floor Brokerage

Rule 440I – NYSE Alternext Equities. (a) Every member not associated with a member organization and each member organization primarily engaged as an agent in executing transactions on the Floor of the Exchange must maintain a written record including a description of each type of compensation arrangement entered into with other members, member organizations, non-member organizations and customers in connection with transactions executed on the Floor of the Exchange.

(b) Records maintained in accordance with paragraph (a) of this Rule must identify, by name, the members, member organizations, non-member organizations and customers who are parties to each type of compensation arrangement in effect.

••• Supplementary Material:

.10 For purposes of paragraphs (a) and (b) of this Rule 440I, the requirement to maintain a written record of each type of compensation arrangement shall not apply to:

(a) any compensation arrangement wherein a member or member organization receives gross compensation of less than \$5,000 per year from any member, member organization, non-member organization or customer; or

(b) any compensation arrangement involving transmission of orders solely through the Exchange's electronic order routing system.

.20 A member or member organization is deemed to be primarily engaged as an agent in executing transactions on the Floor of the Exchange if at least 75% of its revenue is derived from floor brokerage.

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Rules 441 – NYSE Alternext Equities - 444 – NYSE Alternext Equities. Reserved.

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Anti-Money Laundering Compliance Program

Rule 445 – NYSE Alternext Equities. Each member organization and each member not associated with a member organization shall develop and implement a written anti-money laundering program reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, *et seq.*), and the implementing regulations promulgated thereunder by the Department of Treasury. Each member organization's anti-money laundering program must be approved, in writing, by a member of senior management.

The anti-money laundering programs required by this Rule shall, at a minimum:

(1) Establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. 5318(g) and the implementing regulations thereunder;

(2) Establish and implement policies, procedures, and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder;

(3) Provide for annual (i.e., on a calendar-year basis) independent testing for compliance to be conducted by member or member organization personnel or by a qualified outside party, unless the member or member organization does not conduct a public business (e.g., engages solely in proprietary trading, or conducts business only with other broker-dealers) in which case “independent testing” is required every two years (on a calendar-year basis);

(4) Designate, and identify to the Exchange (by name, title, mailing address, e-mail address, telephone number, and facsimile number) a person or persons responsible for implementing and monitoring the day-to-day operations and internal controls of the program and provide prompt notification to the Exchange regarding any change in such designation(s). Such person or persons must:

(A) be employed by each member or member organization for which they are designated pursuant to this paragraph, or

(B) be employed by an entity that directly or indirectly controls, or is controlled by, or is under common control with the member or member organization (i.e., a parent, affiliate, or subsidiary of the member or member organization).

(C) Except as provided by Supplementary Material paragraph .30, the prior written approval of the Exchange is required if an arrangement is structured pursuant to section (4)(B) of this rule. Further, each person designated pursuant to section (4)(B) must execute an attestation, acceptable to the Exchange, consenting to the supervision of each member or member organization for which they are designated and to the jurisdiction of the Exchange. In addition, the member or member organization must execute an agreement, acceptable to the Exchange, acknowledging their responsibility to supervise, as an employee for all regulatory purposes, each such person designated by them; and

(5) Provide ongoing training for appropriate persons.

••• Supplementary Material:

.10 All members and member organizations should undertake more frequent testing than required by Rule 445(3) – NYSE Alternext Equities if circumstances warrant.

.20 Independent testing pursuant to Rule 445(3) – NYSE Alternext Equities must be conducted by a designated person with a working knowledge of applicable requirements under the Bank Secrecy Act and its implementing regulations. Independent testing may not be conducted by a person who performs the functions being tested, or by the designated AML compliance officer, or by a person who reports to either.

.30 If a person designated pursuant to an arrangement structured under section 4(B) is to be replaced by another person, and such arrangement has previously been approved by the Exchange pursuant to section 4(C), then Exchange approval of the designation change is not required if the previously approved arrangement is otherwise substantively unchanged. However, prompt notification to the Exchange of the designation change is still required under section (4), as is the execution of required documents pursuant to section 4(C).

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Business Continuity and Contingency Plans

Rule 446 – NYSE Alternext Equities. (a) Members and member organizations must develop and maintain a written business continuity and contingency plan establishing procedures relating to

an emergency or significant business disruption. Such procedures must be reasonably designed to enable members and member organizations to meet their existing obligations to customers. In addition, such procedures must address their existing relationships with other broker-dealers, and counter-parties. Members and member organizations must make such plan available to the Exchange upon request.

(b) Members and member organizations must conduct, at a minimum, a yearly review of their business continuity and contingency plan to determine whether any modifications are necessary in light of changes to the member's or member organization's operations, structure, business or location. In the event of a material change to a member's or member organization's operations, structure, business or location, the member or member organization must promptly update its business continuity and contingency plan.

(c) The elements that comprise a business continuity and contingency plan shall be tailored to the size and needs of a member or member organization. Each plan, however, must, at a minimum, address, if applicable:

(1) books and records back-up and recovery (hard copy and electronic);

(2) identification of all mission critical systems and back-up for such systems;

(3) financial and operational risk assessments;

(4) alternate communications between customers and the firm;

(5) alternate communications between the firm and its employees;

(6) alternate physical location of employees;

(7) critical business constituent, bank and counter-party impact;

(8) regulatory reporting;

(9) communications with regulators; and

(10) how the member or member organization will assure customers prompt access to their funds and securities in the event the member or member organization determines it is unable to continue its business.

To the extent that any of the above items is not applicable, the member's or member organization's business continuity and contingency plan must specify the item(s) and state the rationale for not including each such item(s) in its plan. If a member or member organization relies on another entity for any of the above-listed categories or any mission critical system, the member's or member organization's business continuity and contingency plan must address this relationship.

(d) Each member or member organization must disclose to its customers how its business continuity and contingency plan addresses the possibility of a future significant business disruption and how the member or member organization plans to respond to events of varying scope. At a

minimum, such disclosure must be made in writing to customers at account opening, posted on the Internet website of the member or member organization (if applicable) and mailed to customers upon request.

(e) The term “mission critical system,” for purposes of this Rule, means any system that is necessary, depending on the nature of a member's or member organization's business, to ensure prompt and accurate processing of securities transactions, including order taking, entry, execution, comparison, allocation, clearance and settlement of securities transactions, the maintenance of customer accounts, access to customer accounts and the delivery of funds and securities.

(f) The term “financial and operational risk assessments,” for purposes of this Rule, means a set of written procedures that allow members and member organizations to identify changes in their operational, financial, and credit risk exposure.

(g) Members and member organizations must designate a senior officer, as defined in Rule 351(e) – NYSE Alternext Equities, to approve the Plan, who shall also be responsible for the required annual review, as well as an Emergency Contact Person(s). Such individuals must be identified to the Exchange (by name, title, mailing address, e-mail address, telephone number, and facsimile number). Prompt notification must be given to the Exchange of any change in such designations.

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Rule 447 – NYSE Alternext Equities – 449 – NYSE Alternext Equities. Reserved.

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PROXIES (Rules 450 – NYSE Alternext Equities—460 – NYSE Alternext Equities)

Applicability of proxy rules.—Rules 450 – NYSE Alternext Equities to 460 – NYSE Alternext Equities, inclusive, apply to both listed and unlisted securities, unless the context otherwise limits application.

The term “unregistered company” as used in Rules 456 – NYSE Alternext Equities to 459 – NYSE Alternext Equities means a company not required to conform to the proxy rules of the Securities and Exchange Commission in the solicitation of proxies with respect to its securities.

The term “member” as used in connection with Rules 456 – NYSE Alternext Equities to 459 – NYSE Alternext Equities includes a member, allied member, member firm, member corporation and employee thereof.

The term “investment adviser” as used in Rules 450 – NYSE Alternext Equities, 451 – NYSE Alternext Equities, 452 – NYSE Alternext Equities and 465 – NYSE Alternext Equities may include a registered broker-dealer.

Restriction on Giving of Proxies

Rule 450 – NYSE Alternext Equities. No member organization shall give or authorize the giving of a proxy to vote stock registered in its name, or in the name of its nominee, except as required or permitted under the provisions of Rule 452 – NYSE Alternext Equities, unless such member organization is the beneficial owner of such stock. Notwithstanding the foregoing,

(1) any member organization, designated by a named fiduciary as the investment manager of stock held as assets of an ERISA Plan that expressly grants discretion to the investment manager to manage, acquire, or dispose of any plan asset and which has not expressly reserved the proxy voting right for the named fiduciary, may vote the proxies in accordance with its ERISA Plan fiduciary responsibilities; and

(2) any person registered as an investment adviser, either under the Investment Advisers Act of 1940 or under the laws of a state,¹ who exercises investment discretion pursuant to an advisory contract for the beneficial owner and has been designated in writing by the beneficial owner to vote the proxies for stock which is in the possession or control of the member organization, may vote such proxies.

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Transmission of Proxy Material

Rule 451 – NYSE Alternext Equities. (a) Whenever a person soliciting proxies shall furnish a member organization:

(1) copies of all soliciting material which such person is sending to registered holders, and

(2) satisfactory assurance that the person will reimburse such member organization for all out-of-pocket expenses, including reasonable clerical expenses, incurred by such member organization in connection with such solicitation, such member organization shall transmit to each beneficial owner of stock which is in its possession or control or to an investment adviser, registered under the Investment Advisers Act of 1940 or under the laws of a state, who exercises discretion pursuant to an advisory contract for the beneficial owner and has been designated in writing by the beneficial owner of such stock (hereinafter “designated investment adviser”) to receive soliciting material in lieu of the beneficial owner, the material furnished; and

(b) such member organization shall transmit with such material either:

(1) a request for voting instructions and, as to matters which may be voted without instructions under Rule 452 – NYSE Alternext Equities, a statement to the effect that, if such

¹ The term “state” as used herein shall have the meaning given to such term in Section 202(a)(19) of the Investment Adviser Act of 1940, and as such term may be amended from time to time therein.

instructions are not received by the tenth day before the meeting, the proxy may be given at discretion by the owner of record of the stock; provided, however, that such statement may be made only when the proxy soliciting material is transmitted to the beneficial owner of the stock or to the beneficial owner's designated investment adviser, at least fifteen days before the meeting. When the proxy soliciting material is transmitted to the beneficial owner of the stock or to the beneficial owner's designated investment adviser twenty-five days or more before the meeting, the statement accompanying such material shall be to the effect that the proxy may be given fifteen days before the meeting at the discretion of the owner of record of the stock; or

(2) a signed proxy indicating the number of shares held for such beneficial owner and bearing a symbol identifying the proxy with proxy records of such member organization, and also a letter informing the beneficial owner or the beneficial owner's designated investment adviser, of the necessity for completing the proxy form and forwarding it to the person soliciting proxies in order that the shares may be represented at the meeting.

This rule shall not apply to beneficial owners outside the United States.

••• Supplementary Material:

.10 Annual reports to be transmitted.—The annual report shall be transmitted to beneficial owners or to the beneficial owners' designated investment advisers under the same conditions as those applying to proxy soliciting material under Rule 451 – NYSE Alternext Equities even though it is not proxy-soliciting material under the proxy rules of the Securities and Exchange Commission.

.20 Forms of letters to clients requesting voting instructions.—There appear below specimens of letters containing the information and instructions required pursuant to the proxy rules to be given to clients in the circumstances indicated in the appropriate heading. These are shown as examples and not as prescribed forms. Member organizations are permitted to adapt the form of these letters for their own purposes provided all of the required information and instructions are clearly enumerated in letters to clients.

These letters are designed to permit furnishing to clients the actual proxy form for use in transmitting instructions to the member organization.

When Broker May Vote on All Proposals Without Instructions

To our Clients:

We have been requested to forward to you the enclosed proxy material relative to shares carried by us in your account but not registered in your name. Such shares can be voted only by the holder of record.

We shall be pleased to vote your shares in accordance with your wishes, if you will execute the enclosed proxy form and return it to us promptly in the self-addressed, stamped envelope, also enclosed. It is understood that, if you sign without otherwise marking the form, the shares will be voted as recommended by the management on all matters to be considered at the meeting.

Should you wish to have a proxy covering your shares issued to yourself or others, we shall be pleased to issue the same.

We urge you to send in your proxy so that we may vote your shares in accordance with your wishes. However, the Rules of the Exchange provide that if instructions are not received from you by the tenth day before the meeting, the proxy may be given at discretion by the holder of record of the shares. If you are unable to communicate with us by such date, we will, nevertheless follow your instructions, even if our discretionary vote has already been given, provided your instructions are received prior to the stockholders' meeting.

When Broker May Not Vote on Any Proposals Without Instructions

To our Clients:

We have been requested to forward to you the enclosed proxy material relative to shares carried by us in your account but not registered in your name. Such shares can be voted only by the holder of record.

In order for your shares to be represented at the meeting, it will be necessary for us to have your specific voting instructions. Accordingly, please give your instructions over your signature on the enclosed proxy form and return it to us promptly in the self-addressed, stamped envelope, also enclosed. It is understood that, if you sign without otherwise marking the form, the shares will be voted as recommended by the management on all matters to be considered at the meeting.

Should you wish to have a proxy covering your shares issued to yourself or others, we shall be pleased to issue the same.

When Broker May Vote on Certain But Not All of the Proposals Without Instructions

To our Clients:

We have been requested to forward to you the enclosed proxy material relative to shares carried by us in your account but not registered in your name. Such shares can be voted only by the holder of record.

We wish to call your attention to the fact that, under the rules of the Exchange, we cannot vote your shares on one or more of the matters to be acted upon at the meeting without your specific voting instructions.

Accordingly, in order for your shares to be voted on all matters, please give your instructions over your signature on the enclosed proxy form and return it to us promptly in the self-addressed, stamped envelope, also enclosed. It is understood that, if you sign without otherwise marking the form, you wish us to vote the shares as recommended by management on all matters to be acted upon at the meeting. If we do not hear from you by the tenth day before the meeting, we may vote your shares in our discretion to the extent permitted by the rules of the Exchange. If you are unable to communicate with us by such date, we will,

nevertheless follow your voting instructions, even if our discretionary vote has already been given, provided your instructions are received prior to the stockholders' meeting.

Should you wish to have a proxy covering your shares issued to yourself or others, we shall be pleased to issue the same.

.30 Forwarding of signed proxy.—The following conditions shall be met by a member organization adopting the procedure of sending signed proxies to customers:

(1) Each signed proxy sent to a customer shall contain a code number for identification and the exact number of shares held of record for the account of the customer.

(2) Signed proxies sent to customers shall be accompanied by appropriate instructions to the customer for transmitting his voted to the company.

(3) The member organization shall advise the company of the number of proxies sent to customers and the identifying numbers and shares represented by such proxies.

(4) When requested by a company, the member organization shall send a follow-up request to customers whose proxies have not been received by the company.

(5) Records of the member organization covering the solicitation of proxies shall show:

(A) The date of receipt of the proxy material from the issuer or other person soliciting the proxies.

(B) Names of customers to whom the material and proxies are sent, and the date of mailing.

(C) The number of shares covered by each proxy.

(D) The code number of each customers' proxy.

.40 Forms of letters to clients to accompany signed proxies.—There appear below specimens of letters containing the information and instructions required pursuant to the proxy rules to be given to clients in the circumstances indicated in the appropriate heading. These are shown as examples and not as prescribed forms.

When Proxy Contains No Proposals To Be Voted On

To our Clients:

We have been requested to forward to you the enclosed proxy material relative to shares carried by us in your account but not registered in your name.

If you wish your stock to be voted at the meeting, it will be necessary for you to date and forward the enclosed proxy form, which has been signed by the holder of record, in the self-addressed, stamped envelope which is furnished for the purpose.

We urge you to send your proxy in promptly to assure the largest possible representation of stockholders at the meeting.

When Proxy Contains Proposals To Be Voted On

To our Clients:

We have been requested to forward to you the enclosed proxy material relative to shares carried by us in your account but not registered in your name.

If you wish your stock to be voted at the meeting, it will be necessary for you to complete and forward the enclosed proxy form, which has been signed by the holder of record, in the self-addressed, stamped envelope which is furnished for the purpose.

Please note that you may direct the manner in which your shares will be voted by marking the appropriate spaces in the signed proxy form. If you forward the proxy without indicating the manner in which you wish your shares to be voted, the proxy will be voted as recommended by the management on all matters to be considered at the meeting.

We urge you to send your proxy in promptly to assure the largest possible representation of stockholders at the meeting.

.50 Method to be used in transmission of proxy material.—First class mail should be used to facilitate the obtaining of voting instructions of forwarding signed proxies, unless another method is specified by the persons for whom the material is transmitted.

.60 Duty to transmit even when requested not to.—The proxy material must be sent to a beneficial owner even though such owner has instructed the member organization not to do so, unless the beneficial owner has instructed the member organization in writing to send such material to the beneficial owner's designated investment adviser.

.80 Duty of out-of-town member organization.—If securities are held in an omnibus account for an out-of-town or non-clearing member organization, it is incumbent upon the out-of-town or non-clearing member organization to see that the necessary proxy material is transmitted to the beneficial owners and that the proper records relative thereto are kept.

.90 Schedule of approved charges by member organizations in connection with proxy solicitations.—The Exchange has approved the following as fair and reasonable rates of reimbursement of member organizations for all out-of-pocket expenses, including reasonable clerical expenses, incurred in connection with proxy solicitations pursuant to Rule 451 – NYSE Alternext Equities and in mailing interim reports or other material pursuant to Rule 465 – NYSE Alternext Equities. In addition to the charges specified in this schedule, member organizations also are entitled to receive reimbursement for: (i) actual postage costs (including return postage at the lowest available rate); (ii) the actual cost of envelopes (provided they are not furnished by the person soliciting proxies); and (iii) any actual communication expenses (excluding overhead) incurred in receiving voting returns either telephonically or electronically.

Charges For Initial Proxy and/or Annual Report Mailings

40¢ for each set of proxy material, i.e., proxy statement, form of proxy and annual report when mailed as a unit, unless an opposition proxy statement has been furnished to security holders, with a minimum of \$5.00 for all sets mailed;

Effective March 14, 1997, \$1.00 for each set of proxy material, i.e. proxy statement, form of proxy and annual report when mailed as a unit, for a meeting for which an opposition proxy statement has been furnished to security holders, with a minimum of \$5.00 for all sets mailed;

Effective March 14, 1997, 15¢ for each copy, plus postage, for annual reports, which are mailed separately from the proxy material pursuant to the instruction of the person soliciting proxies, with a minimum of \$3.00 for all sets mailed;

Effective March 25, 2002, the Exchange has approved, as fair and reasonable, the following supplemental proxy fees for intermediaries that coordinate multiple nominees:

\$20.00 per nominee plus (i) 10¢ for each set of proxy material, with respect to issuers whose shares are held in fewer than 200,000 nominee accounts, or (ii) 5¢ for each set of proxy material, with respect to issuers whose shares are held in at least 200,000 nominee accounts;

Effective March 14, 1997, the Exchange has approved, as fair and reasonable, a supplemental proxy fee per nominee of \$20.00 for intermediaries that coordinate multiple nominees.

Charges For Proxy Follow-Up Mailings

Effective March 14, 1997, 40¢ for each set of follow-up material, plus postage.

Charges For Interim Report Mailings

Effective March 14, 1997 15¢ for each copy, plus postage, for interim reports, annual reports if mailed separately, post meeting reports or other material, with a minimum of \$2.00 for all sets mailed;

Member organizations may charge for envelopes, provided they are not furnished by the person soliciting proxies.

Effective March 25, 2002, an “Incentive Fee” (as defined below) for proxy material mailings, including the annual report, and 10¢ for interim report mailings, with respect to each account where the member organization has eliminated the need to send materials in paper format through the mails (such as by including multiple proxy ballots or forms in one envelope with one set of material mailed to the same household, by distributing multiple proxy ballots or forms electronically thereby reducing the sets of material mailed, or by distributing some or all material electronically).

Incentive Fees

Effective March 14, 1997, 50¢ for proxy material mailings, including the annual report, and 10¢ for interim report mailings, with respect to each account where the member organization has eliminated the need to send materials in paper format through the mails (such as by including multiple proxy ballots or forms in one envelope with one set of material mailed to the same

household, by distributing multiple proxy ballots or forms electronically thereby reducing the sets of material mailed, or by distributing some or all material electronically).

With respect to issuers whose shares are held in at least 200,000 nominee accounts the Incentive Fee shall be 25¢.

With respect to issuers whose shares are held in fewer than 200,000 nominee accounts, the Incentive Fee shall be 50¢.

.91 Proxy solicitation surcharge payable by issuers in connection with Rules 14b-1(c) and 17a-3(a)(9)(ii) of the Securities Exchange Act of 1934.—The Exchange has approved the following surcharge on issuers as a fair and reasonable rate of reimbursement of member organizations for direct and indirect expenses associated with start-up costs incurred to comply with Rules 14b-1(c) and 17a-3(a)(9)(ii) of the Securities Exchange Act of 1934;

Surcharge For Proxy Mailings For Annual Meetings

A surcharge for each set of proxy material, i.e., proxy statement and form of proxy (not including follow-up mailings), mailed in connection with each of the issuer's next two annual meetings held after March 28, 1985, at the following rates: 20¢ for each set of proxy material mailed in connection with the first such annual meeting; and 18½¢ for each set of proxy material mailed in connection with the second such annual meeting. This surcharge will be in addition to the appropriate charge(s) specified in Rule 451.90. "Schedule of approved charges by member organizations in connection with proxy solicitations" and Rule 465.20. "Mailing charges by member organizations."

Transmission of Beneficial Ownership Information

.92 The Exchange, acting on the recommendation of the Ad Hoc Committee on Identification of Beneficial Owners, has approved the following as a fair and reasonable rate of reimbursement of member organizations for out-of-pocket expenses (except as referred to below), including reasonable clerical expenses, incurred in connection with furnishing non-objecting beneficial ownership information to requesting issuers pursuant to Rule 14b-1(c) of the Securities Exchange Act of 1934:

Charge For Providing Beneficial Ownership Information

6½¢ per name of non-objecting beneficial owner provided to a requesting issuer.

Where the non-objecting beneficial ownership information is not furnished directly to the issuer by the member organization but is furnished through an agent designated by the member organization, the issuer will be expected to pay the reasonable expenses of the agent in providing such information, in addition to the rate described above. (See Rules 14a-13(b) and 14c-7(b) of the Securities Exchange Act of 1934 and notes thereto.)

Any member organization that designates an agent for the purpose of furnishing requesting issuers with beneficial ownership information pursuant to Rule 14b-1(c) and thereafter cancels that designation or appoints a new agent for such purpose should promptly inform interested issuers.

.93 Member organizations are required to mail out such material as provided by Rules 451 – NYSE Alternext Equities and 465 – NYSE Alternext Equities when satisfactory assurance is received of reimbursement of expenses at such rates: provided that a member organization may request reimbursement of expenses at less than the approved rates; however, no member organization may seek reimbursement at rates higher than the approved rates or for items or services not specifically listed above without the prior notification to and consent of the person soliciting proxies or the company.

.95 “Householding” of Reports.—Rules 451 – NYSE Alternext Equities and 465 – NYSE Alternext Equities require member organizations to transmit issuer-supplied annual reports, interim reports, proxy statements and other material to beneficial owners. Member organizations are not required to transmit more than one annual report, interim report, proxy statement or other material to beneficial owners with more than one account (including trust accounts). In addition, member organizations may eliminate multiple transmissions of reports, statements or other materials to beneficial owners having the same address, provided they comply with applicable SEC rules with respect thereto (see SEC Rule 14b-1 under securities Exchange Act of 1934).

* * * * *

Giving Proxies by Member Organization

Rule 452 – NYSE Alternext Equities. A member organization shall give or authorize the giving of a proxy for stock registered in its name, or in the name of its nominee, at the direction of the beneficial owner. If the stock is not in the control or possession of the member organization, satisfactory proof of the beneficial ownership as of the record date may be required.

Voting member organization holdings as executor, etc.

A member organization may give or authorize the giving of a proxy to vote any stock registered in its name, or in the name of its nominee, if such member organization holds such stock as executor, administrator, guardian, trustee, or in a similar representative or fiduciary capacity with authority to vote.

Voting procedure without instructions

A member organization which has transmitted proxy soliciting material to the beneficial owner of stock or to an investment adviser, registered either under the Investment Advisers Act of 1940 or under the laws of a state, who exercises investment discretion pursuant to an advisory contract for the beneficial owner and has been designated in writing by the beneficial owner of such stock (hereinafter “designated investment adviser”) to receive soliciting material in lieu of the beneficial owner and solicited voting instructions in accordance with the provisions of Rule 451 – NYSE Alternext Equities, and which has not received instructions from the beneficial owner or from the beneficial owner's designated investment adviser by the date specified in the statement accompanying such material, may give or authorize the giving of a proxy to voted such stock,

provided the person in the member organization giving or authorizing the giving of the proxy has no knowledge of any contest as to the action to be taken at the meeting and provided such action is adequately disclosed to stockholders and does not include authorization for a merger, consolidation or any other matter which may affect substantially the rights or privileges of such stock.

Instructions on stock in names of other member organizations

A member organization which has in its possession or control stock registered in the name of another member organization, and which has solicited voting instructions in accordance with the provisions of Rule 451(b)(1) – NYSE Alternext Equities, shall

- (1) Forward to the second member organization any voting instructions received from the beneficial owner, or
- (2) if the proxy-soliciting material has been transmitted to the beneficial owner of the stock in accordance with Rule 451 – NYSE Alternext Equities and no instructions have been received by the date specified in the statement accompanying such material, notify the second member organization of such fact in order that such member organization may give the proxy as provided in the third paragraph of this rule.

Signed proxies for stock in names of other member organizations

A member organization which has in its possession or control stock registered in the name of another member organization, and which desires to transmit signed proxies pursuant to the provisions of Rule 451(b)(2) – NYSE Alternext Equities, shall obtain the requisite number of signed proxies from such holder of record.

••• Supplementary Material:

Giving a Proxy To Vote Stock

.10 When member organization may vote without customer instructions.—Rule 452 – NYSE Alternext Equities, above, provides that a member organization may give a proxy to vote stock provided that:

- (1) It has transmitted proxy soliciting material to the beneficial owner of stock or to the beneficial owner's designated investment adviser in accordance with Rule 451 – NYSE Alternext Equities, and
- (2) it has not received voting instructions from the beneficial owner or from the beneficial owner's designated investment adviser, by the date specified in the statement accompanying such material, and
- (3) the person in the member organization giving or authorizing the giving of the proxy has no knowledge of any contest as to the action to be taken at the meeting and provided such action is adequately disclosed to stockholders and does not include authorization for a merger, consolidation of any matter which may affect substantially the rights or privileges of such stock.

.11 When member organization may not vote without customer instructions.—In the list of meetings of stockholders appearing in the Weekly Bulletin, after proxy material has been reviewed by the Exchange, each meeting will be designated by an appropriate symbol to indicate either (a) that members may vote a proxy without instructions of beneficial owners, (b) that members may not vote specific matters on the proxy, or (c) that members may not vote the entire proxy.

Generally speaking, a member organization may not give a proxy to vote without instructions from beneficial owners when the matter to be voted upon:

(1) is not submitted to stockholders by means of a proxy statement comparable to that specified in Schedule 14-A of the Securities and Exchange Commission;

(2) is the subject of a counter-solicitation, or is part of a proposal made by a stockholder which is being opposed by management (i.e., a contest);

(3) relates to a merger or consolidation (except when the company's proposal is to merge with its own wholly owned subsidiary, provided its shareholders dissenting thereto do not have rights of appraisal);

(4) involves right of appraisal;

(5) authorizes mortgaging of property;

(6) authorizes or creates indebtedness or increases the authorized amount of indebtedness;

(7) authorizes or creates a preferred stock or increases the authorized amount of an existing preferred stock;

(8) alters the terms or conditions of existing stock or indebtedness;

(9) involves waiver or modification of preemptive rights (except when the company's proposal is to waive such rights with respect to shares being offered pursuant to stock option or purchase plans involving the additional issuance of not more than 5% of the company's outstanding common shares (see Item 12));

(10) changes existing quorum requirements with respect to stockholder meetings;

(11) alters voting provisions or the proportionate voting power of a stock, or the number of its votes per share (except where cumulative voting provisions govern the number of votes per share for election of directors and the company's proposal involves a change in the number of its directors by not more than 10% or not more than one);

(12) authorizes the implementation of any equity compensation plan, or any material revision to the terms of any existing equity compensation plan;

(13) authorizes

- a. a new profit-sharing or special remuneration plan, or a new retirement plan, the annual cost of which will amount to more than 10% of average annual income before taxes for the preceding five years, or
- b. the amendment of an existing plan which would bring its cost above 10% of such average annual income before taxes.

Exceptions may be made in cases of

- a. retirement plans based on agreement or negotiations with labor unions (or which have been or are to be approved by such unions); and
- b. any related retirement plan for benefit of non-union employees having terms substantially equivalent to the terms of such union-negotiated plan, which is submitted for action of stockholders concurrently with such union-negotiated plan;

(14) changes the purposes or powers of a company to an extent which would permit it to change to a materially different line of business and it is the company's stated intention to make such a change;

(15) authorizes the acquisition of property, assets, or a company, where the consideration to be given has a fair value approximating 20% or more of the market value of the previously outstanding shares;

(16) authorizes the sale or other disposition of assets or earning power approximating 20% or more of those existing prior to the transaction.

(17) authorizes a transaction not in the ordinary course of business in which an officer, director or substantial security holder has a direct or indirect interest;

(18) reduces earned surplus by 51% or more, or reduces earned surplus to an amount less than the aggregate of three years' common stock dividends computed at the current dividend rate.

.12 Proportionate voting for auction rate preferred securities.—

Notwithstanding any other provision of Rule 452 – NYSE Alternext Equities, a member organization may vote auction rate preferred securities* with auction reset periods of one year or less in proportion to the voting instructions received from holders of the same class (or of the same series where the item must be voted upon separately by each series), in accordance with the provisions established below:

(1) It has transmitted proxy soliciting material to the beneficial owner of the auction rate preferred securities or to the beneficial owner's designated investment adviser in accordance with Rule 451 – NYSE Alternext Equities, and

* For purposes of this rule, an auction rate preferred security shall be deemed a preferred security pursuant to which the divided rate is established periodically by auction or remarketing at specified “reset periods”.

(2) It has not received voting instructions from the beneficial owner or from the beneficial owner's designated investment adviser, by the date specified in the statement accompanying such material, and

(3) A minimum of 30% of the outstanding shares of the same class or series (where a series vote may be required) has been voted by preferred security holders, and

(4) Less than 10% of the outstanding shares of the same class or series (where a series vote may be required) voted against the proposal, and

(5) For any proposal as to which both the common and preferred holders vote as a single class. Proportional voting will not be allowed unless common shareholders approve the proposal, and

(6) A majority of the independent directors of the issuer's board of directors approved the matter, and

(7) Adequate disclosure of proportional voting has been provided to beneficial holders.

.13 **Discretionary and non-discretionary proposals in one proxy form.**—In some cases, a proxy form may contain proposals, some of which may be acted upon at the discretion of the member organization in the absence of instructions, and others which may be voted only in accordance with the directions of the beneficial owner. This should be indicated in the letter of transmittal. In such cases, the member organization may vote the proxy in the absence of instructions if it physically crosses out those portions where it does not have discretion.

.14 **Cancellation of discretionary proxy where counter-solicitation develops.**—Where a discretionary proxy has been given in good faith under the rules and counter-solicitation develops at a later date, thereby creating a “contest,” the question as to whether or not the discretionary proxy should then be cancelled is a matter which each member organization must decide for itself. After a contest has developed no further proxies should be given except at the direction of beneficial owners.

.15 **Subsequent proxy.**—Where a member organization gives a subsequent proxy, it should clearly indicate whether the proxy is in addition to, in substitution for or in revocation of any prior proxy.

.16 **Signing and dating a proxy—designating shares covered.**—All proxies should be dated and should show the number of shares voted. Since manual signatures are sometimes illegible, a member organization should also either type or rubber-stamp its name on such proxy.

.17 **Proxy records.**—Records covering the solicitation of proxies shall show the following:

(1) The date of receipt of the proxy material from the issuer or other person soliciting the proxies;

(2) names of customers to whom the material is sent together with date of mailing;

(3) all voting instructions showing whether verbal or written; and

(4) a summary of all proxies voted by the member organization clearly setting forth total shares voted for or against or not voted for each proposal to be acted upon at the meeting.

Verbal voting instructions may be accepted provided a record is kept of the instructions of the beneficial owner and the instructions are retained by the member organization. The record shall also indicate the date of the receipt of the instructions and the name of the recipient.

Instructions from beneficial owners may also be accepted by member organizations or their agents through the use of an automated telephone voting system, which has been approved by the Exchange. Such a system shall utilize an identification code for beneficial owners and provide an opportunity for beneficial owners to validate votes to ensure that they were received correctly. Records of voting including the date of receipt of instructions and the name of the recipient must be retained by the member organization or their agent.

.20 Retention of records.—All proxy solicitation records, originals of all communications received and copies of all communications sent relating to such solicitation, shall be retained for a period of not less than three years, the first two years in an easily accessible place.

* * * * *

Proxy to Show Number of Shares

Rule 453 – NYSE Alternext Equities. In all cases in which a proxy is given by a member organization the proxy shall state the actual number of shares of stock for which the proxy is given.

* * * * *

Transfers to Facilitate Solicitation

Rule 454 – NYSE Alternext Equities. A member organization, when so requested by the Exchange shall transfer certificates of a listed stock held either for its own account or for the account of others, if registered in the name of a previous holder of record, into its own name, or in the name of its nominee, prior to the taking of a record of stockholders, to facilitate the convenient solicitation of proxies.

The Exchange will make such request at the instance of the issuer or of persons owning in the aggregate at least ten per cent. of such stock, provided, if the Exchange so requires, the issuer or persons making such request agree to indemnify member organizations against transfer taxes, and the Exchange may make such a request whenever it deems it advisable.

* * * * *

Rules Apply to Individual Members and Nominees

Rule 455 – NYSE Alternext Equities. Rules 450 – NYSE Alternext Equities through 454 – NYSE Alternext Equities shall apply also to individual members and to any nominees of member organizations or individual members. They shall apply also to voting in person.

* * * * *

Representations to Management

Rule 456 – NYSE Alternext Equities. Before a member, allied member, member organization or employee thereof states to the management of a registered or unregistered company that he represents stockholders in making demands for changes in management or company policies, he must have

- (1) Received permission of such stockholders to make such demands, and
- (2) if an unregistered company is involved, filed with the Exchange the information required by Schedule B.

(Note: In the case of a registered company the member may be a participant under Regulation §240.14a-11 of the Securities and Exchange Commission and required to file Schedule 14-B with the Commission.)

* * * * *

Filing Participant Information (Schedule B)

Rule 457 – NYSE Alternext Equities. A member, allied member, member organization or employee thereof must file with the Exchange the information required by Schedule B before he engages, alone or with others, in any of the following activities relating to a present or prospective proxy contest involving an unregistered company:

- (1) Requests more than 10 security holders:
 - (A) to sign a proxy (other than in the normal course of transmission of another's proxy material as required by Rule 451 – NYSE Alternext Equities); or
 - (B) to vote for or against, or abstain from voting on any proposal;
- (2) requests another security holder:
 - (A) to join in calling a meeting of security holders;
 - (B) to join in litigation against an issuer; or
 - (C) to join or assist in the formation of a security holders' committee;
- (3) becomes a nominee for director;
- (4) becomes a member of a security holders' committee or group; or

(5) contributes funds toward the cost of a prospective or present proxy contest.

* * * * *

Filing of Proxy Material (Schedule A)

Rule 458 – NYSE Alternext Equities. A member, allied member, member organization or employee thereof must file with the Exchange the information called for by Schedule A before he, acting alone or with others, requests more than ten security holders, in connection with a proxy contest involving an unregistered company:

(1) To sign a proxy (other than in the normal course of transmission of another's proxy material as required by Rule 451 – NYSE Alternext Equities); or

(2) to vote for or against, or abstain from voting on any proposal; and a copy of such information must be furnished to each person of whom such request is made.

••• Supplementary Material:

.10 Securities and Exchange Commission proxy rules.—Members who intend to become active in a proxy contest involving a registered company should familiarize themselves with the provisions of Regulations §240.14 of the Securities and Exchange Commission.

Attention is drawn to the following interpretation:

Voting advice.—We understand it to be the position of the Securities and Exchange Commission that on the unsolicited request of a customer, a member may advise him how to vote in a proxy contest without becoming a participant and having to file under Securities and Exchange Commission rules. However, if a member volunteers advice to customers on how to vote a proxy, he may have to file with the Commission.

* * * * *

Other Persons to File Information When Associated with Member

Rule 459 – NYSE Alternext Equities. No member, allied member, member organization or employee thereof shall join with any other person in requesting more than ten security holders, in connection with a proxy contest involving an unregistered company:

(1) To sign a proxy; or

(2) to vote for or against, or abstain from voting on any proposal, unless such other person agrees to:

(A) file with the Exchange Schedules A and B, and

(B) furnish a copy of the information contained in Schedule A to each person of whom such request is made.

••• Supplementary Material:

.10 Public information.—All information filed with the Exchange under these policies will be public.

After the section which lists the meetings of stockholders in the Weekly Bulletin there will appear a title “Election Contests” which will be followed by a statement reading: “Companies as to which proxy solicitation material filed with the Exchange indicates that there is a counter-solicitation of proxies for the election of directors:”. There will then follow a list of such companies where counter-proxy solicitation material has been filed with the Exchange.

Copies of Schedules A and B may be obtained upon request from Regulation & Surveillance.

* * * * *

Specialists Participating in Contests

Rule 460 – NYSE Alternext Equities. (a) No member or his member organization or any other member, allied member, or approved person or officer or employee of the member organization shall participate in a proxy contest or a company if such member specializes in the stock of that company.

Specialists as Directors

(b) No member or his member organization or any other member, allied member, or approved person in such member organization or officer or employee of the member organization shall be a director of a company if such member specializes in the stock of that company.

••• Supplementary Material:

.10 Control relationships—Business transactions—Finder's Fees.—

(a)(1) No specialist or his member organization or any other member, allied member or approved person in such member organization or officer or employee thereof, individually or in the aggregate, shall acquire, directly or indirectly, the beneficial ownership of more than 10% of the outstanding shares of any equity security in which the specialist is registered.

(2) The prohibition in (a)(1) shall not apply if the security is:

- (i) a convertible or derivative security, American Depositary Receipt, Global Depositary Receipt, or similar instrument, the conversion of which into common stock of the issuer would not result in a position in the common stock exceeding the 10% threshold;
- (ii) reserved; or
- (iii) a security, such as a currency warrant, that trades in relationship to the value of that underlying currency, or a security, such as an index warrant, that trades in relationship to the value of that underlying index.

(3) With respect to the securities specified in (a)(2)(iii), the specialist must obtain the permission of the Exchange to exceed the 10% threshold, and may not in any event acquire directly or indirectly the beneficial ownership of more than 25% of the issue. This provision applies regardless of whether the beneficial ownership is acquired for investment, trading, or any other purpose.

(4) Whenever any or all of the persons described in (a)(1) above shall acquire, directly or indirectly, beneficial ownership of 5% or more of the outstanding shares of any such equity security, the specialist or his organization shall promptly report this fact to the Market Surveillance Division. Thereafter, any person described in (a)(1) above shall, at the request of the Market Surveillance Division, promptly take appropriate action either to dispose of such beneficial ownership or reduce or eliminate his interest in the specialist organization, as may be acceptable to the Exchange.

(b)(1) No specialist or his member organization or any other member, allied member or approved person in such member organization or officer or employee thereof shall engage in any business transaction (including loans, etc.) with any company in whose stock the specialist is registered, or accept a finder's fee from such company, except as provided below.

(2) Notwithstanding the provision in (b)(1) above, a specialist registered in a security issued by an investment company may purchase and redeem the listed security, or securities that can be subdivided or converted into the listed security, from the issuer as appropriate to facilitate the maintenance of a fair and orderly market in the subject security.

(3) The provisions of (b)(1) shall not apply to the receipt of routine business services, goods, materials, or insurance, on terms that would be generally available.

.11 Reserved.

.12 Reserved.

.20 (a) The restrictions in paragraphs 460(a) and 460.10(a) above shall apply to an approved person of a specialist organization entitled to an exemption from this Rule pursuant to Rule 98 – NYSE Alternext Equities in the manner described below.

(1) The restriction on the acquisition of beneficial ownership of 10% or more of the outstanding shares of any equity security in which such specialist is registered, as provided in Rule 460.10 – NYSE Alternext Equities, shall apply to such approved person separate and distinct from the restriction as applied to any or all other persons specified in Rule 460.10 – NYSE Alternext Equities, and

(2) the positions of the approved person shall not be aggregated with the positions of any one or more other persons specified in Rule 460.10 – NYSE Alternext Equities. The same principle applies with respect to the reporting of positions specified in Rule 460.10 – NYSE Alternext Equities.

(b) An approved person entitled to an exemption from this Rule may engage in business transactions with a company in whose stock an associated specialist is registered, may accept a

finder's fee from such company, and may act as an underwriter in any capacity for a distribution of securities issued by such company.

.25 The restrictions in paragraph .10 above relating to business transactions between a specialist or his member organization or any other member, allied member or approved person in such member organization or officer or employee thereof shall not apply to derivative instruments based on one or more securities, currencies or commodities (collectively referred to as Exchange-Traded Funds (or "ETFs"), if the following conditions are met:

(i) the specialist or his member organization or any other member, allied member or approved person in such member organization or officer or employee thereof only enters into the business transaction with the sponsor of the ETF and the sponsor is not involved in the day-to-day administration of the ETF; and

(ii) any fee or other compensation in connection with the business transaction paid to the specialist or his member organization or any other member, allied member or approved person in such member organization or officer or employee thereof must not be dependent on the trading price or daily trading volume of the ETF; and

(iii) the specialist or his member organization or any other member, allied member or approved person in such member organization or officer or employee thereof must notify and provide a full description to the Exchange of any business transaction or relationship, except those of a routine and generally available nature as described in paragraph .10 above, it may have with any sponsor of an ETF that he or it is registered as specialist in.

.30 (a) An approved person associated with a specialist member organization ("Affiliated Specialist") that is entitled to an exemption from certain Exchange rules pursuant to Exchange Rule 98 – NYSE Alternext Equities shall notify the Exchange of its participation in any distribution or tender or exchange offer of any security covered by paragraph (b) of this rule, in such form and within such time frame as may be prescribed by the Exchange and shall provide the information required below:

1. name of security
2. symbol
3. type of security
4. symbol of reference security or securities (if different from security being distributed)
5. description of distribution or tender or exchange offer
6. distribution price or terms of tender or exchange offer
7. date of pricing
8. time of pricing

9. pricing basis (e.g., Exchange or Consolidated close)
10. beginning and ending dates of restricted period under Regulation M (if applicable) or, for a tender or exchange offer, the date the offer is publicly announced and its expiration date
11. firm submitting notification
12. name and title of individual submitting notification
13. telephone number
14. such other information as the Exchange may from time to time require

(b) The notification requirements of this rule are applicable to any security in which the Affiliated Specialist is registered where such security is either:

(i) the subject of a tender or exchange offer (or any other security which is immediately convertible into or exchangeable for such security) for purposes of Rule 10b-13 under the Securities Exchange Act of 1934; or

(ii) a covered security as defined in Rule 100 of Regulation M.

.40 For purposes of this rule, “equity security” shall have the meaning set forth in Rule 13d-1(i) of the Exchange Act, 17 CFR 240.13d-1(i), “outstanding shares” shall have the meaning set forth in Rule 13d-1(j) of the Exchange Act, 17 CFR 240.13d-1(j), and “beneficial owner” shall have the meaning set forth in Rule 13d-3 of the Exchange Act, 17 CFR 240.13d-3, and all related interpretations thereof.

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Rule 461 – NYSE Alternext Equities – 464 – NYSE Alternext Equities. Reserved.

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Company Reports to Stockholders (Rule 465 – NYSE Alternext Equities)

Transmission of Interim Reports and Other Material

Rule 465 – NYSE Alternext Equities. A member organization, when so requested by a company, and upon being furnished with:

- (1) copies of interim reports of earnings or other material being sent to stockholders, and

(2) satisfactory assurance that it will be reimbursed by such company for all out-of-pocket expenses, including reasonable clerical expenses, shall transmit such reports or material to each beneficial owner of stock of such company held by such member organization and registered in a name other than the name of the beneficial owner unless the beneficial owner has instructed the member organization in writing to transmit such reports or material to a designated investment adviser, registered either under the Investment Advisers Act of 1940 or under the laws of a state, who exercises investment discretion pursuant to an advisory contract for such beneficial owner.

••• Supplementary Material:

.10 Application of rule.—This rule applies to both listed and unlisted companies.

.20 Mailing charges by member organizations.—The Exchange has approved the following as fair and reasonable rates of reimbursement of member organizations for all out-of-pocket expenses, including reasonable clerical expenses, incurred in connection with proxy solicitations pursuant to Rule 451 – NYSE Alternext Equities and in mailing interim reports or other material pursuant to Rule 465 – NYSE Alternext Equities. In addition to the charges specified in this schedule, member organizations are also entitled to receive reimbursement for: (i) actual postage costs (including return postage at the lowest available rate); (ii) the actual cost of envelopes (provided they are not furnished by the person soliciting proxies); and (iii) any actual communication expenses (excluding overhead) incurred in receiving voting returns either telephonically or electronically.

Charges for Initial Proxy and/or Annual Report Mailings

Effective March 25, 2002, 40¢ for each set of proxy material, i.e., proxy statement, form of proxy and annual report when mailed as a unit, unless an opposition proxy statement has been furnished to security holders, with a minimum of \$5.00 for all sets mailed;

Effective March 14, 1997, \$1.00 for each set of proxy material, i.e., proxy statement, form of proxy and annual report when mailed as a unit, for a meeting for which an opposition proxy statement has been furnished to security holders, with a minimum of \$5.00 for all sets mailed;

Effective March 14, 1997, 15¢ for each copy, plus postage, for annual reports, which are mailed separately from the proxy material pursuant to the instruction of the person soliciting proxies, with a minimum of \$3.00 for all sets so mailed;

Effective March 25, 2002, the Exchange has approved, as fair and reasonable, the following supplemental proxy fees for intermediaries that coordinate multiple nominees:

\$20.00 per nominee plus (i) 10¢ for each set of proxy material, with respect to issuers whose shares are held in fewer than 200,000 nominee accounts, or (ii) 5¢ for each set of proxy material, with respect to issuers whose shares are held in at least 200,000 nominee accounts.

Charges For Proxy Follow-Up Mailings

Effective March 14, 1997, 40¢ for each set of follow-up material, plus postage.

Charges For Interim Report Mailings

Effective March 14, 1997 15¢ for each copy, plus postage, for interim reports, annual reports if mailed separately, post meeting reports or other material, with a minimum of \$2.00 for all sets mailed;

Member organizations may charge for envelopes, provided they are not furnished by the person soliciting proxies.

Incentive Fees

Effective March 25, 2002, an Incentive Fee (as defined below) for proxy material mailings, including the annual report, and 10¢ for interim report mailings, with respect to each account where the member organization has eliminated the need to send materials in paper format through the mails (such as by including multiple proxy ballots or forms in one envelope with one set of material mailed to the same household, by distributing multiple proxy ballots or forms electronically thereby reducing the sets of material mailed, or by distributing some or all material electronically.

With respect to issuers whose shares are held in at least 200,000 nominee accounts, the Incentive Fee shall be 25¢.

With respect to issuers whose shares are held in fewer than 200,000 accounts, the Incentive Fee shall be 50¢.

.21 Proxy solicitation surcharge payable by issuers in connection with Rules 14b-1(c) and 17a-3(a)(9)(ii) of the Securities Exchange Act of 1934.— The Exchange has approved the following surcharge on issuers as a fair and reasonable rate of reimbursement of member organizations for direct and indirect expenses associated with start-up costs incurred to comply with Rules 14b-1(c) and 17a-3(a)(9)(ii) of the Securities Exchange Act of 1934:

Surcharge For Proxy Mailings For Annual Meetings

A surcharge for each set of proxy material, i.e., proxy statement and form of proxy (not including follow-up mailings), mailed in connection with each of the issuer's next two annual meetings held after March 28, 1985, at the following rates: 20¢ for each set of proxy material mailed in connection with the first such annual meeting; and 18½¢ for each set of proxy material mailed in connection with the second such annual meeting. This surcharge will be in addition to the appropriate charge(s) specified in Rule 451.90-NYSE Alternext Equities, "Schedule of approved charges by member organizations in connection with proxy solicitations" and Rule 465.20-NYSE Alternext Equities, "Mailing charges by member organizations."

Transmission of Beneficial Ownership Information

.22 The Exchange, acting on the recommendation of the Ad Hoc Committee on Identification of Beneficial Owners, has approved the following as a fair and reasonable rate of reimbursement of member organizations for all out-of-pocket expenses (except as referred to below), including reasonable clerical expenses, incurred in connection with furnishing non-objecting beneficial

ownership information to requesting issuers pursuant to Rule 14b-1(c) of the Securities Exchange Act of 1934:

Charge For Providing Beneficial Ownership Information

6½¢ per name of non-objecting beneficial owner provided to a requesting issuer.

Where the non-objecting beneficial ownership information is not furnished directly to the issuer by the member organization but is furnished through an agent designated by the member organization, the issuer will be expected to pay the reasonable expenses of the agent in providing such information, in addition to the rate described above. (See Rules 14a-13(b) and 14c-7(b) of the Securities Exchange Act of 1934 and notes thereto.)

Any member organization that designates an agent for the purpose of furnishing requesting issuers with beneficial ownership information pursuant to Rule 14b-1(c) and thereafter cancels that designation or appoints a new agent for such purpose should promptly inform interested issuers.

.23 Member organizations are required to mail out such material as provided by Rules 451 – NYSE Alternext Equities and 465 – NYSE Alternext Equities when satisfactory assurance is received of reimbursement of expenses at such rates: provided that a member organization may request reimbursement of expenses at less than the approved rates: however, no member organization may seek reimbursement at rates higher than the approved rates or for items or services not specifically listed above without the prior notification to and consent of the person soliciting proxies or the company.

.25 “Householding” of Reports.—Rules 451 – NYSE Alternext Equities and 465 – NYSE Alternext Equities require member organizations to transmit issuer-supplied annual reports, interim reports, proxy statements and other material to beneficial owners. Member organizations are not required to transmit more than one annual report, interim report, proxy statement or other material to beneficial owners with more than one account (including trust accounts). In addition, member organizations may eliminate multiple transmissions of reports, statements or other materials to beneficial owners having the same address, provided they comply with applicable SEC rules with respect thereto (see SEC Rule 14b-1 under the Securities Exchange Act of 1934).

.30 Form of Bill to be Used by Member Organizations.

PROXY INVOICE

TO:

INVOICE NO.

CORPORATE
SECRETARY
COMPANY
ADDRESS

DATE

PLEASE DIRECT ANY QUESTION WITH
RESPECT TO THIS INVOICE TO

(NAME)

(TELEPHONE NO.)

BROKERAGE FIRM NAME

<u>DESCRIPTION OF CHANGES</u>	<u>NO. SETS MAILED</u>	<u>SERVICE FEE</u>	<u>ENVELOPES (Not supplied by Issuer)</u>	<u>POSTAGE</u>		<u>CLASS OF MAIL</u>	<u>TOTAL</u>
				<u>U.S.</u>	<u>FOREIGN</u>		

Proxy Soliciting Mat'l.

Annual Reports

(Mailed Separately)

Proxy Follow-Up

(Mailed to all Accts.)

(Mailed Selectively)

Interim Reports

Post Meeting Reports

Stockholder Ltr.

Other (Explain)

TOTAL AMOUNT DUE →

FOR CORPORATION'S

RECORDS

DATE PAID _____

CHECK NO. _____

Please return a copy of this invoice with your remittance in the enclosed self-addressed envelope.

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Rules 466 – NYSE Alternext Equities – 470 – NYSE Alternext Equities. Reserved.

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Communications with the Public
(Rules 471 – NYSE Alternext Equities— 474 – NYSE Alternext Equities B)

Advertising

Rule 471 – NYSE Alternext Equities. Reserved.

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Communications With The Public

Rule 472 – NYSE Alternext Equities. Approval of Communications and Research Reports

(a)(1) Each advertisement, market letter, sales literature or other similar type of communication which is generally distributed or made available by a member organization to customers or the public must be approved in advance by an allied member, supervisory analyst, or qualified person designated under the provisions of Rule 342(b)(1) – NYSE Alternext Equities.

(2) Research reports must be approved, in advance, by a supervisory analyst acceptable to the Exchange under the provisions of Rule 344 – NYSE Alternext Equities. Where a supervisory analyst does not have technical expertise in a particular product area, the basic analysis contained in such report may be co-approved by a product specialist designated by the organization. In the event that the member organization has no principal or employee qualified with the Exchange to approve such material, it must be approved by a qualified supervisory analyst in another member organization by arrangement between the two member organizations.

Investment Banking, Research Department and Subject Company Relationships and Communications

(b)(1) Research analysts may not be subject to the supervision, or control, of any employee of the member organization's investment banking department and personnel engaged in investment banking activities may not have any influence or control over the compensatory evaluation of a research analyst.

(2) Research reports may not be subject to review or approval prior to publication by Investment Banking personnel or any other employee of the member organization who is not directly responsible for investment research ("non-research personnel") other than Legal or Compliance personnel.

(3) Non-research personnel may review research reports prior to publication only to verify the factual accuracy of information in the research report or to identify any potential conflicts of interest that may exist, provided that:

(i) any written communication concerning the content of research reports between non-research personnel and Research personnel must be made either through Legal or Compliance personnel or in a transmission copied to Legal or Compliance personnel; and

(ii) any oral communication concerning the content of research reports between non-research personnel and Research personnel must be documented and made either with Legal or Compliance personnel acting as intermediary or in a conversation conducted in the presence of Legal or Compliance personnel.

(4) A member organization may not submit a research report to the subject company prior to publication, except for the review of sections of a draft of the research report solely to verify facts. Members organizations may not, under any circumstances, provide the subject company sections of research reports that include the research summary, the research rating or the price target.

(i) Prior to submitting any sections of the research report to the subject company, the Research Department must provide a complete draft of the research report to the Legal or Compliance Department.

(ii) If after submission to the subject company, the Research Department intends to change the proposed rating or price target, the Research Department must provide written justification to, and receive prior written authorization from, the Legal or Compliance Department for any change. The Legal or Compliance Department must retain copies of any drafts and changes thereto of the research reports provided to the subject company.

(iii) The member organization may not notify a subject company that a rating will be changed until after the close of trading in the principal market of the subject company one business day prior to the announcement of the change.

(5) A research analyst is prohibited from participating in efforts to solicit investment banking business. This prohibition includes, but is not limited to, participating in meetings to solicit investment banking business (e.g., "pitch" meetings) of prospective investment banking clients, or

having other communications with companies for the purpose of soliciting investment banking business. This prohibition shall not apply to any communication between the research analyst, company, and/or non-research personnel, the sole purpose of which is due diligence.

(6)(i) A research analyst is prohibited from directly or indirectly:

(a) participating in a road show related to an investment banking services transaction; and

(b) engaging in any communication with a current or prospective customer(s) in the presence of investment banking department personnel or company management about an investment banking services transaction.

(ii) Investment banking department personnel are prohibited from directly or indirectly:

(a) directing a research analyst to engage in sales or marketing efforts related to an investment banking services transaction; and

(b) directing a research analyst to engage in any communication with a current or prospective customer(s) about an investment banking services transaction.

(iii) Research analyst written and oral communications relating to an investment banking services transaction, with a current or prospective customer(s), or with internal personnel, must be fair, balanced and not misleading, taking into consideration the overall context in which the communication is made.

Written Procedures

(c) Each member organization must establish written procedures reasonably designed to ensure that allied members, member organizations and their employees are in compliance with this Rule (see Rule 351(f) – NYSE Alternext Equities and Rule 472(h)(2) – NYSE Alternext Equities for attestations to the Exchange regarding compliance).

Retention of Communications

(d) Communications with the public prepared or issued by a member organization must be retained in accordance with Rule 440 – NYSE Alternext Equities (“Books and Records”). The names of the persons who prepared and who reviewed and approved the material must be ascertainable from the retained records and the records retained must be readily available to the Exchange, upon request.

Restrictions on Trading Securities by Associated Persons

(e)(1) No research analyst or household member may purchase or receive an issuer's securities prior to its initial public offering (e.g., so-called pre-IPO shares), if the issuer is principally engaged in the same types of business as companies (or in the same industry classification) which the research analyst usually covers in research reports.

(2) No research analyst or household member may trade in any subject company's securities or derivatives of such securities that the research analyst follows for a period of thirty (30) calendar days prior to and five (5) calendar days after the member organization's publication of research reports concerning such security or a change in rating or price target of a subject company's securities.

(3) No research analyst or household member may effect trades in a manner inconsistent with the research analyst's most current recommendations (i.e., sell securities while maintaining a "buy" or "hold" recommendation, buy securities while maintaining a "sell" recommendation, or effecting a "short sale" in a security while maintaining a "buy" or "hold" recommendation on such security).

(4) Listed below are exceptions to the prohibitions contained in paragraphs (1), (2), and (3) (Each exception granted must be in compliance with policies and procedures adopted by the member organization that are reasonably designed to ensure that transactions effected pursuant to these exceptions do not create a conflict of interest between the professional responsibilities and the personal trading activities of the research analyst and/or his or her household member.):

(i) transactions by research analysts and/or household members that have been pre-approved in writing by the Legal or Compliance Department that are made due to an unanticipated significant change in their personal financial circumstances;

(ii) a member organization may permit the publication of research reports or permit a change to the rating or price target on a subject company, regardless of whether a research analyst and/or household members traded the subject company's securities or derivatives of such securities, within the thirty (30) calendar day period described in paragraph (e)(2), when the publication of such research reports, or change in such rating or price target is attributable to some significant news or events regarding the subject company, provided that the publication of such research reports, or change in rating or price target on such subject company has been pre-approved in writing by the Legal or Compliance Department;

(iii) sale transactions by a research analyst, who is new to the member organization, and/or his or her household members within thirty (30) calendar days of such research analyst's employment with the member organization when such research analyst and/or household members had previously purchased such security or derivatives of such security prior to the research analyst's employment with the member organization;

(iv) sale transactions by a research analyst and/or household member within thirty (30) calendar days from the date of the member organization's publication of research reports or changes to the rating or price target on a subject company when such research analyst and/or household members had previously purchased the subject company's securities or derivatives of such securities prior to initiation of coverage of the subject company by the research analyst;

(v) transactions in accounts not controlled by the research analyst and for investment funds in which a research analyst or household member has no investment discretion or control, provided the interest of the research analyst or household member in the assets of the fund does not exceed 1% of the fund's assets, and the fund does not invest more than 20% of its assets in securities of issuers principally engaged in the same types of business as companies (or in the same industry

classification) which the research analyst usually covers in research reports. If an investment fund distributes securities in kind to a research analyst before the issuer's initial public offering, the research analyst must either divest those securities immediately or refrain from participating in the preparation of research reports concerning that issuer;

(vi) transactions in a registered diversified investment company as defined under Section 5(b)(1) of the Investment Company Act of 1940.

(5) No person who supervises research analysts (e.g., Director of Research), a Supervisory Analyst, or a member of a committee, who has direct influence and/or control with respect to (1) preparing the substance of research reports, or (2) establishing or changing a rating or price target of a subject company's equity securities, may effect trades in securities of companies that are the subject of such research reports, or ratings or price target changes, without the prior approval of the Legal or Compliance personnel of the member organization.

(6) Members organizations must maintain written records for each transaction and the justification for permitting such transactions for three years following the date the transactions were made pursuant to the exceptions provided for in Rules 472(e)(4)(i) – NYSE Alternext Equities, 472(e)(4)(ii) – NYSE Alternext Equities, 472(e)(4)(iii) – NYSE Alternext Equities, 472(e)(4)(iv) – NYSE Alternext Equities, and 472(e)(5) – NYSE Alternext Equities.

Restrictions on Member's or Member Organization's Issuance of Research Reports and Participation in Public Appearances

(f)(1) A member organization may not publish or otherwise distribute research reports regarding an issuer and a research analyst may not recommend or offer an opinion on an issuer's securities in a public appearance, for which the member organization acted as manager or co-manager of an initial public offering within forty (40) calendar days following the offering date.

(2) A member organization may not publish or otherwise distribute research reports regarding an issuer and a research analyst may not recommend or offer an opinion on an issuer's securities in a public appearance, for which the member organization acted as manager or co-manager of a secondary offering within ten (10) calendar days following the offering date. This prohibition shall not apply to public appearances or research reports published or otherwise distributed under Securities Act Rule 139 regarding issuers whose securities are actively traded, as defined in Securities Exchange Act Rule 101(c)(1) of Regulation M.

(3) No member organization that has agreed to participate or is participating as an underwriter or dealer (other than as manager or co-manager) of an issuer's initial public offering may publish or otherwise distribute a research report regarding that issuer and a research analyst may not recommend or offer an opinion on that issuer's securities in a public appearance for twenty-five (25) calendar days following the offering date.

(4) No member organization which has acted as a manager or co-manager of a securities offering may publish or otherwise distribute a research report and a research analyst may not recommend or offer an opinion on an issuer's securities in a public appearance within fifteen (15) days prior to or after the expiration, waiver or termination of a lock-up agreement or any other agreement that the member organization has entered into with a subject company and its

shareholders that restricts or prohibits the sale of the subject company's or its shareholders' securities after the completion of a securities offering. This prohibition shall not apply to public appearances or research reports published or otherwise distributed under Securities Act Rule 139 regarding issuers whose securities are actively traded, as defined in Securities Exchange Act Rule 101(c)(1) of Regulation M.

(5) A member organization may permit exceptions to the prohibitions in paragraphs (f)(1), (2), and (4) (consistent with other securities laws and rules) for research reports that are published or otherwise distributed or recommendations or opinions on an issuer's securities made in a public appearance due to significant news or events, provided that such research reports are pre-approved in writing by the member organization's Legal or Compliance personnel.

(6) If a member organization intends to terminate its research coverage of a subject company, notice of this termination must be made. The member organization must make available a final research report on the subject company using the means of dissemination equivalent to those it ordinarily uses to provide the customer with its research reports on the subject company. The report must be comparable in scope and detail to prior research reports and must include a final recommendation or rating, unless it is impracticable for the member organization to produce a comparable report (e.g., if the research analyst covering the subject company or sector has left the employ of the member organization, or where the member organization terminates coverage on the industry or sector). In instances where it is impracticable for the member organization to provide a final recommendation or rating, the member organization must provide the rationale for the decision to terminate coverage.

Prohibition of Offering Favorable Research for Business

(g)(1) No member organization may directly or indirectly offer a favorable research rating or specific price target, or offer to change a rating or price target, to a subject company as consideration or inducement for the receipt of business or for compensation.

(2) No member organization and no employee of a member organization who is involved with the member organization's investment banking activities may, directly or indirectly, retaliate against or threaten to retaliate against any research analyst employed by the member organization or its affiliates as a result of an adverse, negative, or otherwise unfavorable research report written or public appearance made by the research analyst that may adversely affect the member organization's present or prospective investment banking relationship with the subject company of a research report. This prohibition shall not limit a member organization's authority to discipline or terminate a research analyst, in accordance with the member organization's policies and procedures, for any cause other than the writing of such an unfavorable research report or the making of such unfavorable public appearance.

Restrictions on Compensation to Research Analysts

(h)(1) No member organization may compensate a research analyst for specific investment banking services transactions. A research analyst may not receive an incentive or bonus that is based on a specific investment banking services transaction. However, a member organization is not prohibited from compensating a research analyst based upon such member organization's

overall performance (see Rule 472(k)(1)(ii)a.2 – NYSE Alternext Equities for disclosure of such compensation).

(2) The compensation of a research analyst primarily responsible for the preparation of the substance of a research report must be reviewed and approved at least annually by a committee which reports to the Board of Directors or, where the member organization has no Board of Directors, to a senior executive officer of the member organization. Such committee may not include representatives from the member organization's Investment Banking Department. The committee must, among other things, consider the following factors, if applicable, when reviewing such research analyst's compensation:

- i. The research analyst's individual performance, (e.g., productivity, and quality of research product);
- ii. The correlation between the research analyst's recommendations and stock price performance;
- iii. The overall ratings received from clients, sales force, and peers independent of the Investment Banking Department, and other independent rating services.

The committee may not consider as a factor in reviewing and approving such research analyst's compensation, his or her contributions to the member organization's investment banking business.

The committee must document the basis upon which such research analyst's compensation was established. The annual attestation required by Rule 351(f) – NYSE Alternext Equities must certify that the committee reviewed and approved the compensation for each research analyst primarily responsible for the preparation of the substance of a research report and has documented the basis upon which such compensation was established.

General Standards for All Communications

(i) No member organization shall utilize any communication which contains (i) any untrue statement or omission of a material fact or is otherwise false or misleading; or (ii) promises of specific results, exaggerated or unwarranted claims; or (iii) opinions for which there is no reasonable basis; or (iv) projections or forecasts of future events which are not clearly labeled as forecasts.

Specific Standards for Communications

(i) (1) Recommendations

A recommendation (even though not labeled as a recommendation) must have a basis which can be substantiated as reasonable.

When recommending the purchase, sale or switch of specific securities, supporting information must be provided or offered.

The market price at the time the recommendation is made must be indicated.

(2) Records of Past Performance

Communications may feature record or statistics which portray the performance of past recommendations or of actual transactions of the member organization provided that the following conditions are met:

(i) The portrayal is balanced and consists of records or statistics that are confined to a specific “universe” that can be fully isolated and circumscribed and that covers at least the most recent 12-month period.

(ii) The communications include the date and price of each initial recommendation or transaction and the date and price of the recommendation or transaction at the end of the period or when liquidation was suggested or effected, whichever was earlier. Communications may also present summarized or averaged records of statistics or otherwise offer the complete record rather than provide it. This material must include the total number of items recommended or transacted, the number that advanced and declined and an offer to provide the complete record upon request.

(iii) The communications disclose the existence of all relevant costs, including commissions and interest charges or other applicable expenses and, whenever annualized rates of return are used, all material assumptions used in the process of annualization.

(iv) An indication is provided of the general market conditions during the period covered, and any comparison made between such records and statistics and an overall market (e.g., comparison to an index) is valid.

(v) The communications state that the results presented should not and cannot be viewed as an indicator of future performance.

(vi) All the original recommendations or evidence of actual transactions on which the record is based are retained for three years by the organization and made available to the Exchange on request.

(3) Projections and Predictions

Any projection or prediction must contain the bases or assumptions upon which they are made and must indicate that the bases or assumptions of the materials upon which such projections and predictions are made are available upon request.

(4) Comparisons

Any comparison of one member organization's service, personnel, facilities or charges with those of other firms must be factually supportable.

(5) Dating Reports

All communications must be appropriately dated. Any significant information that is not reasonably current (usually more than 6 months old—depending upon the industry and circumstances) must be noted.

(6) Identification of Sources

Communications not prepared under the direct supervision of the member organization or its correspondent member organization should show the person (by name and appropriate title) or outside organization which prepared the material.

In distributing communications prepared under the direct supervision of a correspondent member organization, the distributing firm should mention this fact, although it may not be necessary to identify the correspondent by name.

Communications about a corporate issuer which are distributed by a member organization but have been prepared and published by the issuer or for the issuer by a party other than the member organization should clearly identify the preparer and publisher.

(7) Testimonials

In testimonials concerning the quality of a firm's investment advice, the following points must be clearly stated in the communication:

(i) The testimonial may not be representative of the experience of other clients.

(ii) The testimonial is not indicative of future performance or success.

(iii) If more than a nominal sum is paid, the fact that it is a paid testimonial must be indicated.

(iv) If the testimonial concerns a technical aspect of investing, the person making the testimonial must have knowledge and experience to form a valid opinion.

Disclosure

(k) (1) Disclosures Required in Research Reports

Disclosure of Member Organization's and Research Analyst's Ownership of Securities, Receipt of Compensation, and Subject Company Relationships

The front page of a research report either must include the disclosures required under this Rule or must refer the reader to the page(s) on which each such disclosure is found. Disclosures, and references to disclosures, must be clear, comprehensive, and prominent.

(i) A member organization must disclose in research reports:

a. if the member organization or its affiliates:

1. has managed or co-managed a public offering of securities for the subject company in the past twelve (12) months;

2. has received compensation for investment banking services from the subject company in the past twelve (12) months; or

3. expects to receive or intends to seek compensation for investment banking services from the subject company in the next three (3) months.

b. if the member organization is making a market in the subject company's securities at the time the research report is issued;

c. if, as of the last day of the month immediately preceding the date the publication (or the end of the second most recent month if the publication is less than ten (10) calendar days after the end of the most recent month), the member organization or its affiliates beneficially own 1% or more of any class of common equity securities of the subject company. The member organization must make the required beneficial ownership computation no later than ten (10) calendar days after the end of the prior month. Computation of beneficial ownership of securities must be based upon the same standards used to compute ownership for purposes of the reporting requirements under Section 13(d) of the Securities Exchange Act of 1934;

d. if, as of the last day of the month immediately preceding the date of publication of the research report (or the end of the second most recent month if the publication date is less than thirty (30) calendar days after the end of the most recent month):

1. the subject company currently is a client of the member organization or was a client of the member organization during the twelve (12)-month period preceding the date of distribution of the research report (In such instances, the member organization also must disclose the types of services provided to the subject company. For purposes of this paragraph, the types of services provided to the subject company may be described as investment banking services, non-investment banking-securities related services, and non-securities services.);

2. the member organization received any compensation for products or services other than for investment banking services from the subject company in the past twelve (12) months.

e. if a research report contains a price target, the valuation methods used, and any price objectives must have a reasonable basis and include a discussion of risks;

f. if a research report contains a rating, the meanings of all ratings used by the member organization in its ratings system (For example, a member organization might disclose that a “strong buy” rating means that the rated security's price is expected to appreciate at least 10% faster than other securities in its sector over the next twelve (12)-month period. Definitions of ratings terms also must be consistent with their plain meaning. Therefore, for example, a “hold” rating should not mean or imply that an investor should sell a security.);

g. if a research report contains a rating, the percentage of all securities that the member organization recommends an investor “buy,” “hold,” or “sell.” Within each of the three (3) categories, a member organization must also disclose the percentage of subject companies that are investment banking services clients of the member organization within the previous twelve (12) months (see Rule 472.70 – NYSE Alternext Equities for further information);

h. if a research report contains either a rating or a price target, and the member organization has assigned a rating or price target to the subject company for at least one (1) year, the research report must include a chart that depicts the price of the subject company's stock over time and indicates points at which a member organization assigned or changed a rating or price target. This provision would apply only to securities that have been assigned a rating or a target price for at least one (1) year, and need not extend more than three (3) years prior to the date of the research report. The information in the price chart must be current as of the end of the most recent calendar quarter (or the second most recent calendar quarter if the publication date is less than fifteen (15) calendar days after the most recent calendar quarter).

(ii) A member organization must include the following disclosures in research reports:

a. if a research analyst received any compensation:

1. from the subject company in the past twelve (12) months;
2. that is based upon (among other factors) the member organization's overall investment banking revenues.

b. if, to the extent the research analyst or an employee of the member organization with the ability to influence the substance of a research report, knows:

1. the subject company currently is a client of the member organization or was a client of the member organization during the twelve (12)-month period preceding the date of distribution of the research report. In such instances, such member organization also must disclose the types of services provided to the subject company (For purposes of paragraph (k)(1) of this Rule, the types of services provided to the subject company may be described as investment banking services, non-investment banking-securities related services, and non-securities services.). (For purpose of paragraph (k)(1) of this Rule, an employee of a member organization with the ability to influence the substance of the research report is an employee who, in the ordinary course of that person's duties, has the authority to review the particular research report and to change that research report prior to publication.);
2. that the member organization or any affiliate thereof, received any compensation for products or services other than investment banking services from the subject company in the past twelve (12) months.

(iii) A research analyst and a member organization must disclose in research reports:

a. if, to the extent the research analyst or member organization has reason to know, an affiliate of the member organization received any compensation for products or services other than investment banking services from the subject company in the past twelve (12) months;

1. This requirement will be deemed satisfied if such compensation is disclosed in research reports within thirty (30) days after completion of the most recent calendar quarter, provided that the member organization has taken steps reasonably designed to identify such compensation during that calendar quarter.

2. The member organization and the research analyst will be presumed not to have reason to know whether an affiliate received compensation for other than investment banking services from the subject company in the past twelve (12) months if the member organization maintains and enforces policies and procedures reasonably designed to prevent all research analysts and employees of the member organization with the ability to influence the substance of research reports from, directly or indirectly, receiving information from the affiliate concerning such compensation.

3. Paragraph 472(k)(1)(iii)a. shall not apply to any subject company as to which the member organization initiated coverage since the beginning of the current calendar quarter.

b. if the research analyst or a household member has a financial interest in the securities of the subject company, and the nature of the financial interest, including, without limitation, whether it consists of any option, right, warrant, futures contract, long or short position;

c. if the research analyst or a household member is an officer, director, or advisory board member of the subject company;

d. any other actual, material conflict of interest of the research analyst, or member organization, of which the research analyst knows, or has reason to know, at the time the research report is published or otherwise distributed.

When a member organization publishes or otherwise distributes a research report covering six (6) or more subject companies (a “compendium report”) for purposes of the disclosures required in paragraph (k)(1) of this Rule, the compendium report may direct the reader in a clear and prominent manner as to where the reader may obtain applicable current disclosures. Electronic compendium reports may include a hyperlink to the required disclosures. Paper-based compendium reports must provide either a toll-free number to call or a postal address to write for the required disclosures and may also include a web address of the member organization where the disclosures can be found.

(k)(2) Disclosures Required in Public Appearances

Disclosure of Member Organization's and Research Analyst's Ownership of Securities, Receipt of Compensation, and Subject Company Relationships

(i) A research analyst must disclose in public appearances:

a. if, as of the last day of the month before the appearance (or the end of the second most recent month if the appearance is less than ten (10) calendar days after the end of the most recent month), the member organization or its affiliates beneficially own 1% or more of any class of common equity securities of the subject company. The member organization must make the required beneficial ownership computation no later than ten (10) calendar days after the end of the prior month. Computation of beneficial ownership of securities must be based upon the same standards used to compute ownership for purposes of the reporting requirements under Section 13(d) of the Securities Exchange Act of 1934;

b. if the research analyst or a household member has a financial interest in the securities of the subject company, and the nature of the financial interest, including, without limitation, whether it consists of any option, right, warrant, futures contract, long or short position;

c. if, to the extent the research analyst knows or has reason to know:

1. the subject company currently is a client of the member organization or was a client of the member organization during the twelve (12)-month period preceding the date of the public appearance by the research analyst. In such instances, the research analyst also must disclose the types of services provided to the subject company (For purposes of this paragraph, the types of services provided to the subject company may be described as investment banking services, non-investment banking-securities related services, and non-securities services.);

2. the member organization or any affiliate thereof, received any compensation from the subject company in the past twelve (12) months.

d. any other actual, material conflict of interest of the research analyst, or member organization, of which the research analyst knows, or has reason to know, at the time the public appearance is made;

e. if the research analyst or a household member is an officer, director, or advisory board member of the subject company;

f. if the research analyst received any compensation from the subject company in the past twelve (12) months.

(k)(3) Exceptions to the Required Disclosures

(i) A member organization or a research analyst will not be required to make a disclosure required by Rules 472 – NYSE Alternext Equities(k)(1)(i)a.2. and 472 – NYSE Alternext Equities(k)(1)(i)a.3., 472 – NYSE Alternext Equities (k)(1)(i)d.1., 472 – NYSE Alternext Equities (k)(1)(ii)b.1., and 472 – NYSE Alternext Equities k(2)(i)c. to the extent such disclosure would reveal material non-public information regarding specific potential future investment banking services transactions of the subject company.

(k)(4) Third-Party Research Reports

(i) Subject to paragraph (k)(4)(ii) of this Rule, if a member organization distributes or makes available any third party research report, the member organization must accompany the research report with, or provide a web address that directs the recipient to, the current applicable disclosures, as they pertain to the member organization, required by paragraphs (k)(1)(i)c, (k)(1)(i)a, (k)(1)(i)b and (k)(1)(iii)d of this Rule. Member organizations must establish written supervisory policies and procedures reasonably designed to ensure the completeness and accuracy of all applicable disclosures.

(ii) The requirements in paragraph (k)(4)(i) of this Rule shall not apply to independent third-party research reports made available by member organizations to its customers:

- a. upon request;
- b. in connection with a solicited order in which a registered representative has informed the customer, during the solicitation, of the availability of independent research on the solicited equity security, and the customer requests such independent research; or
- c. through a member organization-maintained website.

(iii) Subject to paragraph (k)(4)(iv) of this Rule, a supervisory analyst, qualified under Rule 344– NYSE Alternext Equities, or a qualified person, designated pursuant to Rule 342(b)(1) – NYSE Alternext Equities, must approve by signature or initial all third-party research reports distributed by a member organization. The approval of third-party research shall be based on a review by the designated supervisory analyst or qualified person to determine that the content of the research report, pursuant to Rule 472(i) – NYSE Alternext Equities, contains no untrue statement of material fact or is otherwise not false or misleading. For the purposes of paragraph (k)(4) of this Rule only, a member organization's obligation to review a third-party research report pursuant to Rule 472(i) – NYSE Alternext Equities extends to any untrue statement of material fact or any false or misleading information that:

- 1. should be known from reading the report; or
- 2. is known based on information otherwise possessed by the member organization.

(iv) The requirements of paragraph (k)(4)(iii) of this Rule shall not apply to independent third-party research reports distributed or made available by a member organization.

(v) For the purposes of this Rule, "third-party research report" shall mean a research report that is produced by a person or entity other than the member organization and "independent third-party research report" shall mean a third-party research report, in respect of which the person or entity producing the report:

- a. has no affiliation or business or contractual relationship with the distributing member organization or that member organization's affiliates that is reasonably likely to inform the content of its research reports; and
- b. makes content determinations without any input from the distributing member organization or that member organization's affiliates.

Other Communications Activities

(l) Other communications activities are deemed to include, but are not limited to, conducting interviews with the media, writing books, conducting seminars or lecture courses, writing newspaper or magazine articles, or making radio/TV appearances.

Members organizations must establish specific written supervisory procedures applicable to allied members, and employees who engage in these types of communications activities. These

procedures must include provisions that require prior approval of such activity by a person designated under the provisions of Rule 342(b)(1) – NYSE Alternext Equities. These types of activities are subject to the general standards set forth in paragraph (i). In addition, any activity which includes discussion of specific securities is subject to the specific standards in paragraph (j).

Small Firm Exception

(m) The provisions of Rules 472(b)(1) – NYSE Alternext Equities, 472(b)(2) – NYSE Alternext Equities and 472(b)(3) – NYSE Alternext Equities do not apply to member organizations that over the three previous years, on average per year, have participated in ten (10) or fewer investment banking services transactions as manager or co-manager and generated \$5 million or less in gross investment banking services revenues from those transactions. For purposes of this paragraph, the term “investment banking services transactions” shall include both debt and equity underwritings but not municipal securities underwritings. Members organizations that qualify for this exemption must maintain records for three (3) years of any communications that, but for this exemption, would be subject to paragraphs (b)(1), (2), and (3) of this Rule.

••• Supplementary Material:

.10 Definitions

(1) **Communication.** The term “Communication” is deemed to include, but is not limited to advertisements, market letters, research reports, sales literature, electronic communications, communications in and with the press and wires and memoranda to branch offices or correspondent firms which are shown or distributed to customers or the public.

(2) **Research Report.** “Research report” is generally defined as a written or electronic communication which includes an analysis of equity securities of individual companies or industries, and provides information reasonably sufficient upon which to base an investment decision. This term does not include:

(a) communications, that are limited to the following:

(1) reports discussing broad-based indices, e.g. the Russell 2000 or S&P 500 index;

(2) reports commenting on economic, political or market conditions;

(3) technical analysis concerning the demand and supply for a sector, index or industry based on trading volume and price;

(4) statistical summaries of multiple companies' financial data (including listings of current ratings);

(5) reports that recommend increasing or decreasing holdings in particular industries or sectors; or

(6) notices of ratings or price target changes, provided that the member organization simultaneously directs the readers of the notice as to where to obtain the most recent research report

on the subject company that includes the current applicable disclosures required by this rule and that such research report does not contain materially misleading disclosures, including disclosures that are outdated or no longer applicable;

(b) the following communications, even if they include an analysis of an individual security and information reasonably sufficient upon which to base an investment decision:

(1) any communication distributed to fewer than 15 persons;

(2) periodic reports, solicitations or other communications prepared for investment company shareholders or discretionary investment account clients that discuss individual securities in the context of a fund's or account's past performance or the basis for previously made discretionary investment decisions; or

(3) internal communications that are not given to current or prospective customers; and

(c) communications that constitute statutory prospectuses that are filed as part of the registration statement.

For purposes of approval by a supervisory analyst pursuant to Rule 472(a)(2) – NYSE Alternext Equities, the term research report includes, but is not limited to, a report which recommends equity securities, derivatives of such securities, including options, debt and other types of fixed income securities, single stock futures products, and other investment vehicles subject to market risk. This term does not include:

(3) **Advertisement.** “Advertisement” is defined to include, but is not limited to, any sales communications that is published, or designed for use in any print, electronic or other public media such as newspapers, periodicals, magazines, radio, television, telephone recording, web sites, motion pictures, audio or video device, telecommunications device, billboards or signs.

(4) **Market letters.** “Market letters” are defined as, but are not limited to, any written comments on market conditions, individual securities, or other investment vehicles that are not defined as research reports. They also may include “follow-ups” to research reports and articles prepared by member organizations which appear in newspapers and periodicals.

(5) **Sales literature.** “Sales literature” is defined as, but is not limited to, written or electronic communications including, but not limited to, telemarketing scripts, performance reports or summaries, form letters, seminar texts, and press releases discussing or promoting the products, services, and facilities offered by a member organization, the role of investment in an individual's overall financial plan, or other material calling attention to any other communication.

.20 For purposes of this Rule, “investment banking services” includes, without limitation, acting as an underwriter in an offering for the issuer; acting as a financial adviser in a merger or acquisition; providing venture capital, equity lines of credit, PIPEs (private investment, public equity transactions), or similar investments; serving as placement agent for the issuer; or acting as a member of a selling group in a securities underwriting.

.30 For purposes of this Rule, the term “Investment Banking Department” means any department or division of the member organization, whether or not identified as such, that performs any investment banking services on behalf of the member organization.

.40 For purposes of this Rule, the term “research analyst” includes an allied member, associated person or employee of a member organization primarily responsible for, and any person who reports directly or indirectly to such research analyst in connection with, the preparation of the substance of a research report whether or not any such person has the job title of “research analyst”.

For purposes of this Rule, the term “household member” means any individual whose principal residence is the same as the research analyst's principal residence. This term does not include an unrelated person who shares the same residence as a research analyst, provided that the research analyst and unrelated person are financially independent of one another. Paragraphs (e)(1), (2), (3), (4)(i), (ii), (iii), (iv) and (v), (k)(1)(iii)b., c., and (k)(2)(i)b. and e. apply to any account in which a research analyst has a financial interest, or over which the research analyst exercises discretion or control, other than an investment company registered under the Investment Company Act of 1940. The trading restrictions applicable to research analysts and household members (i.e., paragraphs (e)(1), (2), (3), (4)(i), (ii), (iii), (iv) and (v)); do not apply to a “blind trust” account that is controlled by a person other than the research analyst or research analyst's household member where neither the research analyst nor household member knows of the account's investments or investment transactions.

.50 For purposes of this Rule, the term “public appearance” includes, without limitation, participation by a research analyst in a conference call, seminar, forum (including an interactive electronic forum) or other public speaking activity before fifteen (15) or more persons or before one or more representatives of the media, radio, television or print media interview, or the writing of a print media article in which such research analyst makes a recommendation or offers an opinion concerning any equity securities. This term does not include a password protected Webcast, conference call or similar event with fifteen (15) or more existing customers, provided that all of the event participants previously received the most current research report or other documentation that contains the required applicable disclosures, and that the research analyst appearing at the event corrects and updates during the public appearance any disclosures in the research report that are inaccurate, misleading or no longer applicable.

.60 For purposes of this Rule, “subject company” is the company whose equity securities are the subject of a research report or a public appearance.

.70 For purposes of Rule 472(k)(1)(i)g – NYSE Alternext Equities, a member organization must determine, based on its own ratings system, into which of the three (3) categories each of their securities ratings utilized falls. This information must be current as of the end of the most recent calendar quarter (or the second most recent calendar quarter if the publication date is less than fifteen (15) calendar days after the most recent calendar quarter) and must reflect the distribution of the most recent ratings that the member organization has issued for all subject companies, within the previous twelve (12) months. For example, a research report might disclose that the member organization has assigned a “buy” rating to 58% of the securities that it follows, a “hold” rating to 15%, and a “sell” rating to 27%.

Rule 472(k)(1)(i)g – NYSE Alternext Equities requires member organizations to disclose the percentage of companies that are investment banking services clients for each of the three (3) ratings categories within the previous twelve (12) months. For example, if twenty (20) of the twenty-five (25) companies to which a member organization has assigned a “buy” rating are investment banking clients of the member organization, the member organization would have to disclose that 80% of the companies that received a “buy” rating are its investment banking clients. Such disclosure must be made for the “buy,” “hold” and “sell” ratings categories as appropriate.

.80 For purposes of this Rule, the term “Legal or Compliance Department” also includes, but is not limited to, any department of the member organization which performs a similar function.

.90 For purposes of Rule 472(a)(1) – NYSE Alternext Equities, a qualified person is one who has passed an examination acceptable to the Exchange.

.100 For purposes of this Rule, the term “initial public offering” refers to the initial registered equity security offering by an issuer, regardless of whether such issuer is subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, prior to the time of the filing of such issuer's registration statement.

.110 For purposes of this Rule, a secondary offering shall include a registered follow-on offering by an issuer or a registered offering by persons other than the issuer involving the distribution of securities subject to Regulation M of the Securities Exchange Act of 1934.

.120 For purposes of this Rule, the term “offering date” refers to the later of the effective date of the registration statement or the first date on which the security was bona fide offered to the public.

.130 For purposes of this Rule, the term associated person is defined as a natural person engaged in investment banking, or a securities or kindred business, who is directly or indirectly controlling or controlled by a member organization, whether or not any such person is registered, applying for registration or exempt from registration with the **Exchange**.

.140 For the purpose of this Rule, the term “equity security” has the same meaning as defined in Section 3(a)(11) of the Securities Exchange Act of 1934.

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Rule 473 – NYSE Alternext Equities - Rule 496 – NYSE Alternext Equities. Reserved.

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Additional Requirements for Listed Securities Issued by NYSE Euronext or its Affiliates

Rule 497 – NYSE Alternext Equities. (a) For purposes of this Rule 497 – NYSE Alternext Equities the terms below are defined as follows:

(1) “NYSE Euronext Affiliate” means NYSE Euronext (“NYSE Euronext”) and any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with NYSE Euronext, where “control” means that one entity possesses, directly or indirectly, voting control of the other entity either through ownership of capital stock or other equity securities or through majority representation on the board of directors or other management body of such entity.

(2) “Affiliate Security” means any security issued by a NYSE Euronext Affiliate.

(3) “NYSE Alternext US LLC” (the “Exchange”) is a wholly owned subsidiary of NYSE Euronext.

(4) “NYSE Market, Inc.” (“NYSE Market”) is a wholly owned subsidiary of the Exchange. NYSE Market is the entity that will manage the Floor trading of securities.

(5) “NYSE Regulation, Inc.” (“NYSE Regulation”) is a wholly owned subsidiary of the Exchange and will perform the self-regulatory organization responsibilities pertaining to regulating the NYSE Market and the Exchange.

(b) Prior to the initial listing of the Affiliate Security on the Exchange, NYSE Regulation shall determine that such securities satisfy the Exchange’s rules for listing, and such finding must be approved by the NYSE Regulation Board of Directors.

(c) Throughout the continued listing of the Affiliate Security on the Exchange, NYSE Regulation shall

(1) prepare a quarterly report on the Affiliate Security for the NYSE Regulation board of directors that describes: (a) the NYSE Regulation's monitoring of the Affiliate Security's compliance with the Exchange's listing standards, including, (i) the Affiliate Security's compliance with the Exchange's minimum share price requirement and (ii) the Affiliate Security's compliance with each of the quantitative continued listing requirements; and (b) NYSE's Regulation's monitoring of the trading of the Affiliate Security including summaries of all related surveillance alerts, complaints, regulatory referrals, adjusted trades, investigations, examinations, formal and informal disciplinary actions, exception reports and trading data used to ensure that the Affiliate Security's compliance with the Exchange's listing and trading rules. A copy of said report will be forwarded promptly to the Securities and Exchange Commission (“Commission”).

(2) Once a year, an independent accounting firm shall review the listing standards for the Affiliate Security to insure that the issuer is in compliance with the listing requirements and a copy of the report shall be forwarded promptly to the Commission.

(3) In the event that NYSE Regulation determines that the Affiliate Security is not in compliance with any of the Exchange's listing standards, NYSE Regulation shall notify the issuer of such non-compliance promptly and request a plan of compliance. NYSE Regulation shall file a report with the Commission within five business days of providing such notice to the issuer of its non-compliance. The report shall identify the date of the non-compliance, type of non-compliance, and any other material information conveyed to the issuer in the notice of non-compliance. Within five business days of receipt of a plan of compliance from the issuer, NYSE Regulation shall notify the Commission of such receipt, whether the plan was accepted by NYSE Regulation or what other action was taken with respect to the plan and the time period provided to regain compliance with the Exchange's listing standards, if any.

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Rule 498 – NYSE Alternext Equities - Rule 599 – NYSE Alternext Equities. Reserved.

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Arbitration

Rule 600 – NYSE Alternext Equities.

(a) Duty to Arbitrate. (i) Any dispute, claim or controversy between or among member organizations and/or associated persons shall be arbitrated pursuant to the FINRA Codes of Arbitration Procedure; and, (ii) any dispute, claim or controversy between a customer or non-member and a member organization and/or associated person arising in connection with the business of such member organization and/or in connection with the activities of an associated person, shall be arbitrated pursuant to FINRA Codes of Arbitration Procedure as provided by any duly executed and enforceable written agreement, or upon the demand of the customer or non-member. Such obligation to arbitrate shall extend only to those matters that are permitted to be arbitrated under FINRA Codes of Arbitration Procedure.

(b) Referrals. The Exchange may receive, investigate and take disciplinary action with respect to any referral it receives from a FINRA arbitrator of any matter which comes to the attention of such arbitrator during and in connection with the arbitrator's participation in a proceeding, either from the record of the proceeding or from material or communications related to the proceeding, that the arbitrator has reason to believe may constitute a violation of the Exchange's Rules or the federal securities laws.

(c) Failure to Arbitrate or to Pay an Arbitration Award. Any member organization or associated person who fails to submit to arbitration a matter required to be arbitrated pursuant to this Rule, or that fails to honor an arbitration award made pursuant to the FINRA Codes of Arbitration Procedure, or made under the auspices of any other self-regulatory organization, shall be subject to disciplinary proceedings in accordance with Rule 476.

(d) Other Actions. The submission of any matter to arbitration as provided for under this Rule shall in no way limit or preclude any right, action or determination by the Exchange that it would otherwise be authorized to adopt, administer or enforce.

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Rules 601 – NYSE Alternext Equities - 899 – NYSE Alternext Equities. Reserved.

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Off-Hours Trading Facility Rules
(Rules 900-907)

Off-Hours Trading: Applicability and Definitions

Rule 900 – NYSE Alternext Equities. Applicability of 900 – NYSE Alternext Equities Series

(a) The Rules in this 900 – NYSE Alternext Equities series (Rules 900 – NYSE Alternext Equities through 906) shall apply to (i) all Exchange contracts made on the Exchange through its “Off-Hours Trading Facility” (as this Rule defines that term) and (ii) the handling of orders, and the conduct of accounts and other matters, relating to trading through that facility.

Applicability of Other Exchange Rules

(b) As modified by this Rule 900 – NYSE Alternext Equities, all other Exchange Rules shall also so apply, except that the following shall *not* so apply:

(i) all provisions pertaining to Regulation NMS in the incorporated Rules;

(ii) Rule 440B – NYSE Alternext Equities (Short Sales); and

(iii) Rule 45 – NYSE Alternext Equities (Application of Rules) through Rule 128B – NYSE Alternext Equities (Publications of Changes, Corrections, Cancellations or Omissions and Verification of Transactions), except that the following *shall* apply:

Dealings upon the Exchange

51 – NYSE Alternext Equities (Hours for Business)

52 – NYSE Alternext Equities (Dealings on the Exchange—Hours)

55 – NYSE Alternext Equities (Unit of Trading—Stocks and Bonds)

56 – NYSE Alternext Equities (Unit of Trading—Rights)

Auction Market—Bids and Offers

63 – NYSE Alternext Equities (“When Issued”—“When Distributed”)

78 – NYSE Alternext Equities (Sell and Buy Orders Coupled at Same Price)

Members Dealing for Their Own Accounts

92 – NYSE Alternext Equities (Limitations on Members’ Trading because of Customer’s Orders) as provided in paragraph (d)(ii) of this Rule

93 – NYSE Alternext Equities (Trading for Joint Account) (paragraphs (a) and (c) only)

94 – NYSE Alternext Equities (Specialists’ or Odd-Lot Dealers’ Interest in Joint Accounts)

98 – NYSE Alternext Equities (Affiliated Persons or Specialists)

Specialists, Odd-Lot Brokers, and Registered Traders

104 – NYSE Alternext Equities (Dealings by Specialists) (paragraph (a) of Supplementary Material .13 only)

104A – NYSE Alternext Equities (Specialists—General) (Supplementary Material .50 only)

105 – NYSE Alternext Equities (Specialists’ Interest in Pools and Options) as provided in paragraph (d)(v) of this Rule

118 – NYSE Alternext Equities (Orders To Be Reduced and Increased on Ex-Date) as provided in paragraph (d)(v) of this Rule

121 – NYSE Alternext Equities (Records of Specialists)

128B – NYSE Alternext Equities (Publications of Changes, Corrections, Cancellations or Omissions and Verification of Transactions)

Modification of Incorporated Rules

(c) For the purpose of incorporating Exchange Rules into this 900 – NYSE Alternext Equities-series pursuant to paragraph (b) of this Rule.

(i) references in the incorporated Rules to “on the Exchange” shall include the “Off-Hours Trading Facility”; and

(ii) references to “on the Floor” shall exclude “the Off-Hours Trading Facility” except that, in Supplementary Material .50 of Rule 104A – NYSE Alternext Equities, the reference to “on the Floor” shall refer to “through the Off-Hours Trading Facility.”

Interaction among Off-Hours Trading Rules and Floor Rules

(d)(i) For the purpose of applying Supplementary Material .40 of Rule 36 – NYSE Alternext Equities (Communications between Exchange and Members’ Offices) to Off-Hours Trading, the limit of time within which a member or member organization executing a transaction through the Off-Hours Trading Facility must report to the member or organization carrying the customer’s account shall be 15 minutes after the close of the facility on the date of the transaction.

(ii) Rule 92 – NYSE Alternext Equities shall not preclude a member or member organization from entering in the Off-Hours Trading Facility an aggregate-price order to buy (sell) 15 or more securities coupled with an identical order to sell (buy) when the member or member organization holds an unexecuted closing-price order for a component security.

(iii) Notwithstanding the limitations on the specialty security transactions of a specialist set forth in Supplementary Material .12 of Rule 104 – NYSE Alternext Equities, a specialist:

(A) may assign to an investment account any specialty security acquired through the Off-Hours Trading Facility; and

(B) may purchase securities through the Off-Hours Trading Facility to cover a short position in his dealer account.

(iv) The limitations on the security (or, in the case of a specialist, specialty security) transactions of a specialist contained in Rule 104 – NYSE Alternext Equities shall not apply to transactions effected through the Off-Hours Trading Facility. However, the member shall include in any calculation of his aggregate position in a security any position in the security that the member acquires through the Off-Hours Trading Facility.

(v) A specialist shall not enter an order for his specialty security through the Off-Hours Trading Facility for any account in which he or his member organization has a direct or indirect interest if the execution of the order would create a position in the security that would require the specialist to liquidate an options or single stock futures position pursuant to Rule 105 – NYSE Alternext Equities and its Guidelines.

(vi) For the purpose of applying Rule 118 – NYSE Alternext Equities to Off-Hours Trading, securities will not become quoted ex-dividend, ex-distribution, ex-rights or ex-interest on any day until after the close of Off-Hours Trading.

Definitions

(e) As used in this 900 – NYSE Alternext Equities series of Rules and other Rules in their application to Off-Hours Trading, the following terms shall have the meanings specified below:

(i) The term “aggregate-price order” means an order to buy or sell a group of securities, which group includes no fewer than 15 Exchange-listed securities having a total market value of \$1 million or more.

(ii) The term “closing price” means the price established by the last “regular way” sale in a security prior to the official closing of the 9:30 a.m. to 4:00 p.m. trading session, as determined by the Exchange.

(iii) The term “closing-price order” means an order to buy or sell a security at its closing price.

(iv) The term “guaranteed price coupled order” means an order to buy for a minimum of 10,000 shares coupled with an order to sell the same quantity of the same security. One side of the guaranteed price coupled order must be for the account of a member organization and the other side must be for the account of one of its customers. Such orders must be entered and priced in accordance with Rule 907 – NYSE Alternext Equities.

(v) The term “Off-Hours Trading Facility” means the Exchange facility that permits members and member organizations to effect securities transactions on the Exchange pursuant to this 900 – NYSE Alternext Equities series of Rules. The term “Off-Hours Trading” refers to trading through that facility.

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Securities to Be Traded

Rule 901 – NYSE Alternext Equities. Only such equity securities as the Exchange may specify shall be dealt in through the Off-Hours Trading Facility. Any such security must be listed, or otherwise admitted to dealing, on the Exchange.

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Off-Hours Trading Orders

Rule 902 – NYSE Alternext Equities. Entry of Orders

Closing-Price Orders

(a)(i) Subject to Rule 906 – NYSE Alternext Equities (Impact of Trading Halts on Off-Hours Trading), a member or member organization may enter into the Off-Hours Trading Facility a closing-price order at such times as the Exchange may specify.

Closing-Price Coupled Orders

(ii)(A) Subject to Rule 906 – NYSE Alternext Equities, a member or member organization may enter into the Off-Hours Trading Facility a closing-price order to buy coupled with a closing-price order to sell the same quantity of the same security for execution against each other. However, except for those orders defined in paragraph (ii)(B) and (C) of this rule, a member or member organization may not so enter such coupled orders if both such orders are for an account in which any member or member organization, or any “associated party” (as paragraph (b)(ii) of Rule 800 – NYSE Alternext Equities (Basket Trading: Applicability and Definitions) defines that term), has a direct or indirect interest.

(B) A member or member organization may enter a closing-price order to buy (sell) a security for the account of the specialist registered in such security coupled with a closing price order to sell (buy) for the account of any member or member organization which has agreed to offset all or part of any market-on-close imbalance that existed in the stock prior to the official closing of the 9:30 a.m. to 4:00 p.m. trading session.

(C) A member or member organization may enter a closing price order to buy (sell) a security for the account of the specialist registered in such security coupled with a closing price order to sell (buy) for the account of any member or member organization where such member or member organization is acting to offset a transaction made in error. Both parties to the closing price transaction must maintain a specific written record that the purpose of the coupled order was to close out an error.

Aggregate-Price Coupled Orders

(iii) A member or member organization may only enter into the Off-Hours Trading Facility an aggregate-price order to buy (sell) that is coupled with an aggregate-price order to sell (buy) the same quantities of the same securities.

Migration of Orders

(b) Subject to Rule 906 – NYSE Alternext Equities, a “regular way”, good ‘til cancelled order that is designated as Off-Hours eligible, that is on the specialist’s limit order book and that is executable at the closing price or better shall migrate from the specialist’s limit order book to the Off-Hours Trading Facility, except that any order for an account in which the specialist, his member organization or any associated party has a direct or indirect interest shall not so migrate.

Delivery Terms

(c) Transactions effected through the Off-Hours Trading Facility pursuant to closing-price coupled orders or aggregate-price coupled orders may be for delivery at such time as the parties entering the orders may agree. All other transactions effected through the Off-Hours Trading Facility shall be for delivery “regular way” (as Rule 64 – NYSE Alternext Equities (Bonds, Rights and 100-Share-Unit Securities) refers to that term).

Cancellation of Orders

(d) Prior to execution, a member or member organization may cancel any migrated order or any closing-price order that he or it has entered pursuant to clause (a)(i) or (a)(ii) of this Rule.

Disposition of Unexecuted Orders

(e)(i) All migrated good ‘til cancelled orders that remain wholly or partially unexecuted at the close of a day’s Off-Hours Trading shall migrate back to the specialist’s limit order book prior to the opening of trading on the next business day. They shall retain the same priority as existed prior to their migration to the Off-Hours Trading Facility.

(ii) All wholly or partially unexecuted closing-price orders expire at the close of Off-Hours Trading.

Marking of Sell Orders

(f) Members and member organizations shall mark all sell orders as “long” as appropriate.

Odd-Lots and Partial Round Lots

(g) A member or member organization may only enter an odd lot or partial round lot order into the Off-Hours Trading Facility if the order is a closing-price or aggregate-price order entered on a coupled basis pursuant to clause (a)(ii) or (a)(iii) of this Rule. In addition, a partial round lot order meeting the criteria of paragraph (b) of this Rule shall migrate into the Off-Hours Trading Facility.

••• Supplementary Material:

.10 Only the orders described in this Rule are eligible for Off-Hours Trading

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Off-Hours Transactions

Rule 903 – NYSE Alternext Equities. Priority of Single-Sided Orders

(a) Single-sided closing-price and migrated orders to buy (sell) that enter the Off-Hours Trading Facility pursuant to paragraphs (a)(i) and (b) of Rule 902 – NYSE Alternext Equities (Off-Hours Trading Orders) shall be executed against single-sided closing-price and migrated orders to sell (buy) pursuant to the rules of priority set forth in Rule 904 – NYSE Alternext Equities (Priority of Off-Hours Trading Orders).

Priority of Coupled Orders

(b) Each side of a closing-price or aggregate-price order entered on a coupled basis pursuant to paragraph (a)(ii) or (a)(iii) of Rule 902 – NYSE Alternext Equities shall be executed against the other side without regard to the priority of other orders entered into the Off-Hours Trading Facility.

Binding Nature

(c) A transaction described in paragraph (a) or (b) of this Rule is an Exchange contract that is binding in all respects and without limit on any member or member organization that enters any of the transaction's component orders. The member or member organization shall be fully responsible for the Exchange contract.

Executions of Orders

(d)(i) Except as provided in (d)(ii) below, single-sided and coupled closing-price orders entered into the Off-Hours Trading Facility and orders that migrate into the facility shall only be executed at the close of the Off-Hours Trading session. Coupled aggregate-price orders shall be executed upon entry.

(ii) A closing price order to buy (sell) a security for the account of the specialist registered in such security and approved by a Floor Official, coupled with a closing price order to sell (buy) for the account of any member, member organization or non-member which has agreed to offset all or part of any market-on-close imbalance that existed in the stock prior to the official closing of the 9:30 a.m. to 4:00 p.m. trading session, shall be executed upon entry.

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Priority of Off-Hours Trading Orders

Rule 904 – NYSE Alternext Equities. Priority of Off-Hours Trading Orders to Buy Migrated Orders

(a)(i) Good 'til cancelled orders to buy that have migrated to the Off-Hours Trading Facility from the specialist's limit order book pursuant to paragraph (b) of Rule 902 – NYSE Alternext Equities (Off-Hours Trading Orders) shall retain the same priority among themselves as existed on the specialist's book and shall have priority over all closing-price orders to buy entered pursuant to paragraph (a)(i) of Rule 902 – NYSE Alternext Equities.

(ii) Closing-price orders to buy entered pursuant to paragraph (a)(i) of Rule 902 – NYSE Alternext Equities shall have priority based on their sequence of entry into the Off-Hours Trading Facility.

Priority of Off-Hours Trading Orders to Sell

(b) The priority of closing-price and migrated good 'til cancelled orders to sell shall be determined in the same manner as specified in the case of orders to buy.

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Off-Hours Trading Reports and Recordkeeping

Rule 905 – NYSE Alternext Equities. Off-Hours Trading Reports

(a) Each member and member organization shall report to the Exchange such information, in such manner, and at such times, as the Exchange may from time to time prescribe in respect of Off-Hours Trading, including, but not limited to, reports relating to Off-Hours Trading orders, proprietary or agency activity and activity in related instruments.

Off-Hours Trading Records

(b) Each member and member organization shall maintain and preserve such records, in such manner, and for such period of time, as the Exchange may from time to time prescribe in respect of Off-Hours Trading, including, but not limited to, records relating to closing price and migrated orders, cancellations, executions and trading volume, proprietary trading activity, activity in related instruments and securities and other records necessary to allow the member or member organization to comply with the reporting provisions of paragraph (a) of this Rule.

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Impact of Trading Halts on Off-Hours Trading

Rule 906 – NYSE Alternext Equities. Security Halts Prior to Off-Hours Trading

(a) Members and member organizations shall not enter a closing-price order pursuant to paragraph (a)(i) or (a)(ii) of Rule 902 – NYSE Alternext Equities (Off-Hours Trading Orders), and a good ‘til cancelled order shall not migrate to that facility, if the order is for a security that was subject to a trading halt at the time the Exchange’s 9:30 a.m. to 4:00 p.m. trading session ended.

Corporate Developments during Off-Hours Trading Session

(b) The Exchange may announce during the hours that the Exchange is open for Off-Hours Trading that, as the result of a corporate development, it has determined with respect to a security:

(i) to return unexecuted good ‘til cancelled orders for the security to the specialist’s limit order book;

(ii) to cancel closing-price orders for the security entered pursuant to paragraph (a)(i) or (a)(ii) of Rule 902 – NYSE Alternext Equities; and

(iii) to preclude the entry of closing-price orders for the security pursuant to paragraphs (a)(i) and (a)(ii) of Rule 902 – NYSE Alternext Equities for the remainder of the session.

provided, however, that a closing price order to buy (sell) a security for the account of the specialist registered in such security and approved by a Floor Official, coupled with a closing price order to sell (buy) for the account of any member, member organization or non-member which has agreed to offset all or part of any market-on-close imbalance that existed in the stock prior to the official closing of the 9:30 a.m. to 4:00 p.m. trading session, shall not be so canceled or precluded from entry.

••• Supplementary Material:

.10 Notwithstanding a trading halt in any security (other than a trading halt pursuant to Rule 80B – NYSE Alternext Equities (Trading Halts Due to Extraordinary Market Volatility)) or a corporate development, members and member organizations may enter aggregate-price orders into the Off-Hours Trading Facility pursuant to paragraph (a)(iii) of Rule 902 – NYSE Alternext Equities.

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Guaranteed Price Coupled Orders

Rule 907 – NYSE Alternext Equities. (a) A member organization may enter into the Off-Hours Trading Facility a guaranteed price coupled order or an order to be executed at the volume weighted average price (“VWAP”), subject to the following:

(i) the member organization has accepted from its customer prior to the close of trading of the Exchange’s 9:30 a.m. to 4:00 p.m. trading session an order of any size, and has guaranteed its customer a specific price with respect to the entire order or the VWAP;

(ii) the member organization has recorded, along with all required details of the order, the guaranteed price or that the customer has elected the order be executed at the VWAP and has documented the basis upon which the VWAP is to be calculated;

(iii) the guaranteed price coupled order or an order to be executed at the VWAP is for that portion of the customer’s order that could not be executed prior to 4:00 p.m.; in the case of either type or order, the entire order would also be eligible for execution at the close of trading if there is no execution prior to 4:00 p.m.;

(iv) the guaranteed price coupled order or VWAP order is priced at a price that ensures that the entire order is executed at a price that is no worse than the guaranteed price or VWAP;

(v) the member organization designates the guaranteed price coupled order as Crossing Session III and the VWAP order as Crossing Session IV.

(b) A guaranteed price coupled order or VWAP order may be entered at any time following the close of the 9:30 a.m. to 4:00 p.m. trading session on the Exchange until the close of the Consolidated Tape.

(c) A guaranteed price coupled order may be priced at a price that is outside the range of prices for the subject security during the 9:30 a.m. to 4:00 p.m. trading session.

(d) A guaranteed price coupled order or VWAP order shall be immediately executed upon entry into the Off-Hours Trading Facility.

(e) Upon the close of the Consolidated Tape, the Exchange shall print each trade reported through the Off-Hours Trading Facility as guaranteed price coupled orders or VWAP orders. Guaranteed price coupled orders shall be designated as Crossing Session III. VWAP orders shall be designated as Crossing Session IV.

(f) Member organizations shall not enter a guaranteed price coupled order or VWAP order pursuant to paragraph (a) of this Rule if the order is for a security that was subject to a trading halt at the time the Exchange's 9:30 a.m. to 4:00 p.m. trading session ended.

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Rules 908 – NYSE Alternext Equities - 999 – NYSE Alternext Equities. Reserved.

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NYSE Direct+
(Rules 1000-1004)

Automatic Execution of Limit Orders
Against Orders Reflected in Exchange Published Quotation

Rule 1000 – NYSE Alternext Equities. Maximum Order Size for Automatic Executions

Market and limit orders of such size as the Exchange may specify from time to time are eligible to initiate or participate in automatic executions. The Exchange shall provide for a phased-in raising of order size eligibility, from 1,099 shares up to a maximum of 3,000,000 shares. Each raising of order size eligibility shall be preceded by advance notice to the Exchange's membership.

(a) An automatically executing order shall receive an immediate, automatic execution against orders reflected in the Exchange published quotation, orders on the Display Book®, Floor broker agency file interest ("e-Quotes"), Floor broker proprietary file interest("G-quotes"), specialist interest ("s-Quotes"), and CAP-DI orders in accordance with, and to the extent provided by Exchange rules and shall be immediately reported as Exchange transactions, unless:

(i) the Exchange published quotation is in the non-firm quote mode;

(ii) trading in the subject security has been halted;

(iii) the specialist has gapped the quotation in accordance with the policies and procedures of the Exchange;

(iv) a liquidity replenishment point has been reached.

A. Liquidity Replenishment Points (“LRPs”) will be calculated automatically throughout the trading day as follows:

- (1) when a stock opens on a quote; and
- (2) upon the first sale of the relevant security on the Exchange for that trading day; and
- (3) every thirty (30) seconds, or at such other specified intervals as the Exchange shall determine from time to time; and
- (4) after a manual trade by the specialist; and
- (5) when automatic executions resume after a LRP is reached; and
- (6) upon a sale after automatic executions resume after a LRP has been reached.

B. LRPs are calculated by adding and subtracting a value, which shall be determined by the Exchange, to the last sale price on the Exchange in the relevant security, except that

(1) When a stock opens on a quote the LRPs will be calculated immediately using the opening quote by taking the offer and adding the LRP value (High LRP = offer + LRP value) and taking the bid and subtracting the LRP value (Low LRP = bid - LRP value). These LRPs will remain in effect until the first sale of the security on the Exchange, at which time the LRPs will be immediately recalculated based upon that sale price.

(2) Upon resumption of Auto Execution after it was suspended due to quoting beyond one (or both) of the LRPs (the “slow” side), the LRP will be recalculated on the “slow” side using the last published quote for that side by taking either the offer (or the bid) and adding (or subtracting) the LRP value. Only the “slow” side LRP will be recalculated. This LRP will not be recalculated until a manual trade is entered, there is a new sale of the security on the Exchange, or the stock becomes “slow” again and the specialist again resumes Auto Execution. When a manual trade is entered or there is a new sale, both LRPs will be immediately recalculated based on the last sale price.

C. The values used to calculate the LRPs will not change intraday. The LRP values will be disseminated by the Exchange.

LRPs value ranges are as follows:

<u>Price per share</u>	<u>\$5 -</u>	<u>\$10 -</u>	<u>\$25 -</u>	<u>\$50 -</u>	<u>\$100 -</u>	<u>\$150 -</u>	<u>\$200 -</u>	<u>\$250 -</u>
<u>≤\$5</u>	<u>9.99</u>	<u>24.99</u>	<u>49.99</u>	<u>99.99</u>	<u>149.99</u>	<u>199.99</u>	<u>249.99</u>	<u>1000.00</u>

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<u><500,000 shares</u>	<u>0.05</u>	<u>0.05</u>	<u>0.10</u>	<u>0.15</u>	<u>0.35</u>	<u>0.60</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
	<u>0.10</u>	<u>0.10</u>	<u>0.25</u>	<u>0.35</u>	<u>0.75</u>	<u>1.25</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
<u>500,000 - 3,999,999</u>	<u>0.05</u>	<u>0.05</u>	<u>0.10</u>	<u>0.10</u>	<u>0.25</u>	<u>0.50</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
	<u>0.10</u>	<u>0.10</u>	<u>0.20</u>	<u>0.25</u>	<u>0.50</u>	<u>1.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
<u>>4,000,000 shares</u>	<u>0.05</u>	<u>0.05</u>	<u>0.10</u>	<u>0.10</u>	<u>0.25</u>	<u>0.50</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
	<u>0.10</u>	<u>0.10</u>	<u>0.20</u>	<u>0.25</u>	<u>0.50</u>	<u>1.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>

D. Upon the first sale on the Exchange for that trading day, the recalculation timer will start and will continue to run throughout the trading day.

(v) a block-size transaction as defined in Rule 127.10 – NYSE Alternext Equities that involves orders on the Display Book® is being reported manually; Automatic executions will resume when manual reporting is concluded; or

(vi) the closing price for a security, or if the security did not trade, the closing bid price of the security on the Exchange on the immediate previous trading day is \$1000.00 or more.

(b) Automatic executions will resume in the same way autoquoting will resume, as provided in Rules 60(e)(ii)(A) – NYSE Alternext Equities, 60(e)(ii) (B) – NYSE Alternext Equities, and 60(e)(ii)(C) – NYSE Alternext Equities.

(c) Automatic executions will be available on only one side of the market when the Exchange published bid or offer is such that it is outside a LRP.

(d)(i) Automatically executing orders to buy shall trade with the Exchange published best offer. Automatically executing orders to sell shall trade with the Exchange published best bid.

(ii) Where the volume associated with the Exchange published best bid (offer) is insufficient to fill an automatically executing order in its entirety, other than a Regulation NMS-compliant Immediate or Cancel Order the unfilled balance of such order (the “residual”) shall trade with available contra-side interest in the following order:

(A) reserve interest at the Exchange published best bid (offer);

(B) additional specialist volume at the Exchange published best bid (offer); and

(C) if a residual remains, it shall then “sweep” the Display Book® system as set forth in (iii) below, until it is executed in full, its limit price, if any, is reached, a liquidity replenishment point is reached, or in the case of a Reg. NMS-compliant IOC order, as described in Rule 13 – NYSE Alternext Equities, trading at a particular price on the Exchange would require cancellation because the order cannot be routed to another market center, whichever occurs first.

(D) Elected CAP-DI orders will participate in automatic executions as described in Rule 123A.30 – NYSE Alternext Equities.

(E) After trading with the volume associated with the Exchange published best bid (offer), the unfilled balance of any Regulation NMS-compliant Immediate or Cancel Order shall be automatically cancelled, as described in Rule 13 – NYSE Alternext Equities.

(iii)(A) During a sweep, the residual shall trade with the orders on the Display Book® system and any broker agency interest files (“e-Quotes”), broker proprietary interest files (“G-Quotes”) and/or specialist interest files (“s-Quotes”) capable of execution in accordance with Exchange rules, at each successive price lower than the displayed bid (in the case of a sweeping sell order) or higher than the displayed offer (in the case of a sweeping buy order) as long as the sweep continues.

(B) Where a bid or offer protected from a trade-through by Securities and Exchange Commission rule is better than an execution price during a sweep, the portion of the sweeping residual that satisfies the size of such better priced protected bid or offer will be automatically routed as an order to the market center publishing such better protected bid or offer except with respect to Regulation NMS compliant IOC orders, as described in Rule 13 – NYSE Alternext Equities.

(C) During a sweep, sell short orders, must comply with the conditions outlined in the Exchange Rule 440B

(iv) Any residual of an auto ex limit order remaining after the sweep described in (d)(ii) and (d) (iii) above shall be displayed as a limit order on the Display Book.® and will be bid (offered) at the order's limit price, if any, or the LRP whichever is lower (higher).

(A) Exceptions:

Residuals will be cancelled in the manner described in Rule 13 for the following order types:

(i) Regulation NMS-compliant Immediate or Cancel orders;

(ii) NYSE Immediate or Cancel orders; and

(iii) Intermarket sweep orders.

Auto ex orders that cannot be immediately executed shall be displayed as limit orders in the auction market.

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Execution of Automatically Executing Orders

Rule 1001 – NYSE Alternext Equities. (a) Subject to Rule 1000 – NYSE Alternext Equities, automatically executing orders shall be executed and immediately reported. The contra side of the execution shall be as follows:

(i) the first contra side bid or offer at a particular price shall be entitled to time priority, but after a trade or cancellation clears the Floor, all bids and offers at such price shall be on parity with each other, except specialist bids and offers must yield to bids and offers on the Display Book® as Exchange rules require;

(ii) all bids or offers on parity shall receive a split of executions in accordance with Exchange Rule 72 – NYSE Alternext Equities;

(iii) the assignment of the number of shares to each contra side bidder and offeror as appropriate, in accordance with Exchange Rule 72 – NYSE Alternext Equities, with respect to each automatic execution shall be done automatically by the Display Book® system;

(iv) the specialist shall be the contra party to any automatic execution where interest reflected in the published quotation against which the automatically executing order was executed is no longer available.

(b) No published bid or offer shall be entitled to claim precedence based on size with respect to executions against automatically executing orders.

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Availability of Automatic Execution Feature

Rule 1002 – NYSE Alternext Equities. Automatic executions in a particular security, shall be available after the Exchange has disseminated a published bid or offer in the relevant security, until the close of regular trading on the Exchange in such security Orders that are entered prior to the dissemination of a bid or offer in the relevant security shall be handled as non-auto-ex market or limit orders except that a Regulation NMS-compliant Immediate or Cancel Order will be cancelled.

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Rule 1003 – NYSE Alternext Equities. Reserved.

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Election of Stop Orders and Percentage Orders

Rule 1004 – NYSE Alternext Equities. Automatic executions shall elect stop orders and percentage orders electable at the price of such executions. Any stop orders so elected shall be automatically executed as market orders pursuant to Exchange rules. Any percentage orders elected by automatic executions shall be executed in accordance with Rules 123A.30(a)(i) – NYSE Alternext Equities, 123A.30(a)(ii) – NYSE Alternext Equities, 123A.30(a)(iii) – NYSE Alternext Equities and 123A.30(a)(iv) – NYSE Alternext Equities.

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